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<p>1 IN THE UNITED STATES DISTRICT COURT</p> <p>2 FOR THE EASTERN DISTRICT OF VIRGINIA</p> <p>3 Richmond Division</p> <p>4 -----x</p> <p>5 ePLUS INC.,)</p> <p>6 Plaintiff,) Civil Action No.</p> <p>7 v.) 3:09-CV-620 (JRS)</p> <p>8 LAWSON SOFTWARE, INC.,)</p> <p>9 Defendant.)</p> <p>10 -----x</p> <p>11</p> <p>12 CONFIDENTIAL</p> <p>13 Videotaped Deposition of</p> <p>14 PROVIDENCE HEALTH & SERVICES,</p> <p>15 By and Through its Corporate Designee,</p> <p>16 KURT REASONER</p> <p>17 Renton, Washington</p> <p>18 Monday, January 9, 2012</p> <p>19 9:08 a.m.</p> <p>20 Job No.: 16589</p> <p>21 Pages: 1 - 151</p> <p>22 Reported by: Julie R. Head, CRR, RPR, CCR</p>	<p>1 A P P E A R A N C E S</p> <p>2 ON BEHALF OF THE PLAINTIFF:</p> <p>3 JAMES D. CLEMENTS, ESQUIRE</p> <p>4 Goodwin Procter LLP</p> <p>5 53 State Street</p> <p>6 Boston, Massachusetts 02109</p> <p>7 (617) 570-1000</p> <p>8</p> <p>9 ON BEHALF OF THE DEFENDANT:</p> <p>10 SARAH E. SIMMONS, ESQUIRE</p> <p>11 Gibson, Dunn & Crutcher LLP</p> <p>12 2100 McKinney Avenue</p> <p>13 Suite 1100</p> <p>14 Dallas, Texas 75201</p> <p>15 (214) 698-3100</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>
<p>1 Videotaped deposition of KURT REASONER, held at</p> <p>2 the offices of:</p> <p>3</p> <p>4</p> <p>5 Distribution Operations Center</p> <p>6 1801 Lind Avenue Southwest</p> <p>7 Renton, Washington 98057</p> <p>8 (425) 525-3095</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13 Pursuant to agreement, before Julie R. Head,</p> <p>14 Certified Court Reporter in and for the State of</p> <p>15 Washington.</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>	<p>1 A P P E A R A N C E S C O N T I N U E D</p> <p>2 ON BEHALF OF PROVIDENCE HEALTH & SERVICES</p> <p>3 AND THE WITNESS:</p> <p>4 JOHN A. GOLDMARK</p> <p>5 Davis Wright Tremaine LLP</p> <p>6 1201 Third Avenue</p> <p>7 Suite 2200</p> <p>8 Seattle, Washington 98101</p> <p>9 (206) 622-3150</p> <p>10</p> <p>11 ALSO PRESENT:</p> <p>12 CODY MALONE, Videographer</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>

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<p>5</p> <p>1 CONTENTS</p> <p>2 EXAMINATION OF KURT REASONER PAGE</p> <p>3 Mr. Clements 8</p> <p>4</p> <p>5</p> <p>6 EXHIBITS</p> <p>7 (Attached to transcript)</p> <p>8 REASONER DEPOSITION EXHIBIT PAGE</p> <p>9 Exhibit 1 11/18/11 Letter to Custodian of 12</p> <p>10 Record, Providence Health &</p> <p>11 Services, from James D. Clements,</p> <p>12 Plus Enclosures</p> <p>13 Exhibit 2 5/27/11 Lawson Document, Subject: 34</p> <p>14 Immediate Replacement of</p> <p>15 Requisitions Self Service</p> <p>16 Software Products Required.</p> <p>17 (S3 Product IDs: SIP, SIPP, SIPSU),</p> <p>18 RQC0000732 - 0000734</p> <p>19 Exhibit 3 9/19/11 Declaration of Kurt Reasoner 62</p> <p>20 Exhibit 4 Exhibit A to Declaration of Kurt 64</p> <p>21 Reasoner</p> <p>22</p>	<p>7</p> <p>1 RENTON, WASHINGTON; JANUARY 9, 2012</p> <p>2 9:08 A.M.</p> <p>3 --oOo--</p> <p>4</p> <p>5 THE VIDEOGRAPHER: Good morning. We were now</p> <p>6 on the record.</p> <p>7 My name is Cody Malone. I'm the videographer</p> <p>8 for YOM Reporters for Planet Depos this morning. Here</p> <p>9 begins Volume 1, media unit number one, in the</p> <p>10 deposition testimony of Mr. Kurt Reasoner in the matter</p> <p>11 of ePlus, Incorporated, versus Lawson Software,</p> <p>12 Incorporated, in the United States District Court,</p> <p>13 Eastern District of Virginia. Case number 3:09-CV-620,</p> <p>14 JRS.</p> <p>15 Today is Monday, the 9th day of January, 2012.</p> <p>16 The time on the video monitor is now 9:09 a.m.</p> <p>17 This deposition is taking place at 1801 Lind</p> <p>18 Avenue Southwest, in Seattle, Washington.</p> <p>19 We'd ask counsel, at this time, to please</p> <p>20 voice-identify yourselves for the record and state whom</p> <p>21 you represent.</p> <p>22 MR. CLEMENTS: This is Jimmy Clements</p>
<p>6</p> <p>1 EXHIBITS CONTINUED</p> <p>2 REASONER DEPOSITION EXHIBIT PAGE</p> <p>3 Exhibit 5 Exhibit B to Declaration of Kurt 66</p> <p>4 Reasoner</p> <p>5 Exhibit 6 9/15/11 8:49 PM E-mail Chain to 108</p> <p>6 Keith Lohkamp, et al., from Kurt</p> <p>7 Reasoner, Subject: FW: RSS</p> <p>8 Replacement Cost Estimate,</p> <p>9 Plus Attachment, PROV004 - 007</p> <p>10 Exhibit 7 9/16/11 7:52 AM E-mail Chain to 116</p> <p>11 Kurt Reasoner, et al., from Dan</p> <p>12 Azevedo, Subject:</p> <p>13 RE: RSS Replacement Cost Estimate,</p> <p>14 PROV008 - 009</p> <p>15 Exhibit 8 2/14/11 Declaration of Kurt 132</p> <p>16 Reasoner</p> <p>17 Exhibit 9 5/27/11 10:42 AM E-mail to Joe 139</p> <p>18 Thornton from Kurt Reasoner,</p> <p>19 Subject: Catholic Health</p> <p>20 Initiatives and Providence Health</p> <p>21 (for customer review).doc, Plus</p> <p>22 Attachment, PROV043 - 045</p>	<p>8</p> <p>1 representing the plaintiff ePlus.</p> <p>2 MR. GOLDMARK: I'm John Goldmark representing</p> <p>3 Providence Health & Services, which is not a party, and</p> <p>4 the deponent Kurt Reasoner. And, for the record, we are</p> <p>5 in Renton, Washington, not Seattle.</p> <p>6 THE VIDEOGRAPHER: We are, thank you.</p> <p>7 MS. SIMMONS: This is Sarah Simmons</p> <p>8 representing Lawson Software, Inc., from Gibson, Dunn &</p> <p>9 Crutcher.</p> <p>10 THE VIDEOGRAPHER: Okay. Thank you.</p> <p>11 Our court reporter today is Julie Head, also</p> <p>12 of YOM Reporters for Planet Depos.</p> <p>13 We'd ask that you please swear in the witness</p> <p>14 and proceed.</p> <p>15 KURT REASONER,</p> <p>16 sworn as a witness by the Certified Court Reporter,</p> <p>17 testified as follows:</p> <p>18 EXAMINATION</p> <p>19 BY MR. CLEMENTS:</p> <p>20 Q. Mr. Reasoner, could you state your full name</p> <p>21 for the record, please.</p> <p>22 A. My full name is Kurt Winfield Reasoner</p>

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<p>9</p> <p>1 Q. Who is your employer?</p> <p>2 A. My employer is Providence Health & Services.</p> <p>3 Q. And what is your current position?</p> <p>4 A. My current position is system director over</p> <p>5 enterprise applications.</p> <p>6 Q. And what are the scope of responsibilities</p> <p>7 with that position?</p> <p>8 A. That position is responsible for applications</p> <p>9 that are centrally supported and run across our entire</p> <p>10 company, sometimes referred to as enterprise, and that</p> <p>11 includes Lawson Software, which we internally brand as</p> <p>12 ProvConnect -- you'll see reference to that -- and,</p> <p>13 also, other applications such as our messaging services,</p> <p>14 e-mail, instant messaging, other collaboration tools</p> <p>15 videoconferencing, telephone conferencing, and then</p> <p>16 also, our technology back office service management</p> <p>17 tool, so our help desk, our problem management, change</p> <p>18 management system that is supporting our IT organization</p> <p>19 across Providence.</p> <p>20 Q. Okay. Great.</p> <p>21 Could you provide your home and work address,</p> <p>22 please.</p>	<p>11</p> <p>1 A. Okay.</p> <p>2 Q. If you don't understand a question, say</p> <p>3 something; otherwise, I'll assume that you understood</p> <p>4 the question.</p> <p>5 A. Okay.</p> <p>6 Q. Sometimes your attorney, here, Mr. Goldmark,</p> <p>7 will object to a question, or maybe Ms. Simmons, but</p> <p>8 unless your attorney instructs you not to answer, you</p> <p>9 must answer the question.</p> <p>10 A. Okay.</p> <p>11 Q. Do you understand that you are providing</p> <p>12 testimony on behalf of Providence Health & Services as</p> <p>13 if itself were sitting in the chair and giving</p> <p>14 testimony?</p> <p>15 A. I do.</p> <p>16 Q. Okay. And do you refer to it normally as just</p> <p>17 Providence or Providence Health or PH&S?</p> <p>18 A. All of the above. I -- I think it would be</p> <p>19 okay if we referred to it in this setting, here, as just</p> <p>20 Providence.</p> <p>21 Q. Okay. We'll do that. That will make it a</p> <p>22 little bit easier.</p>
<p>10</p> <p>1 A. My home address is -- I just moved -- 571</p> <p>2 Mountain View Lane, Issaquah, Washington 98027. And my</p> <p>3 work address, here, is 1801 Lind Avenue Southwest,</p> <p>4 Renton, Washington 98059, I believe.</p> <p>5 Q. Okay. Thank you.</p> <p>6 Mr. Reasoner, have you ever been deposed</p> <p>7 before?</p> <p>8 A. I have not.</p> <p>9 Q. Have you ever attended a deposition before?</p> <p>10 A. I have not.</p> <p>11 Q. Okay. Well, I'm just going to go over just a</p> <p>12 few of the ground rules --</p> <p>13 A. Okay.</p> <p>14 Q. -- make you familiar.</p> <p>15 Over the course of the deposition, I'm going</p> <p>16 to be referring to a number of documents that I'll refer</p> <p>17 to as exhibits, and I'll be asking you questions about</p> <p>18 them. I need your responses to my questions, not only</p> <p>19 with regard to documents, but just in general, to be</p> <p>20 oral, because the court reporter is documenting</p> <p>21 everything we say, doesn't record any sort of nod of the</p> <p>22 head.</p>	<p>12</p> <p>1 Court reporter, could you please mark this</p> <p>2 document as Reasoner Exhibit No. 1.</p> <p>3 (Deposition Exhibit 1 was marked for</p> <p>4 identification.)</p> <p>5 Q. (BY MR. CLEMENTS:) Mr. Reasoner, I'm handing</p> <p>6 you what has been marked as Exhibit No. 1. If you</p> <p>7 would, just take a moment to peruse it, look it over.</p> <p>8 A. Okay.</p> <p>9 Q. For the record, this is a correspondence</p> <p>10 letter that was sent from me to Providence, attaching</p> <p>11 two subpoenas to Providence.</p> <p>12 A. Okay.</p> <p>13 Q. Okay. Do you -- Do you recognize this</p> <p>14 document?</p> <p>15 A. I do.</p> <p>16 Q. So, you've seen it before?</p> <p>17 A. I have.</p> <p>18 Q. And do you understand this to be two subpoenas</p> <p>19 that were served on Providence by the company I</p> <p>20 represent, the plaintiff ePlus?</p> <p>21 A. Yes, I do.</p> <p>22 Q. Okay. Could you turn to page nine of the</p>

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<p>1 first schedule in the document.</p> <p>2 A. Okay.</p> <p>3 Q. And you'll see, there, its heading entitled</p> <p>4 Schedule A, Deposition Topics, and there's paragraphs</p> <p>5 one through seven, correct?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. Do you understand that you are here to</p> <p>8 testify with regard to these topics?</p> <p>9 A. Yes, I am; however, I believe that some of</p> <p>10 these topics, there was a separate agreement on what we</p> <p>11 would be discussing today.</p> <p>12 Q. Okay.</p> <p>13 I don't remember what he's referring to. Can</p> <p>14 you refresh my memory?</p> <p>15 MR. GOLDMARK: Yeah, Jimmy, he is probably</p> <p>16 referring to the e-mail I sent you -- I suppose this is</p> <p>17 Friday, January 6th -- just confirming the topics that</p> <p>18 we agreed to for the scope of the deposition.</p> <p>19 MR. CLEMENTS: Were there any topics that you</p> <p>20 had said that Providence would not testify to or that</p> <p>21 Mr. Reasoner would not testify to?</p> <p>22 MR. GOLDMARK: Yeah, the -- the general scope</p>	<p>15</p> <p>1 be limited to three hours in length and on the following</p> <p>2 topics: Number one, the cost of implementing RQC as</p> <p>3 reflected in the September 19, 2011 Reasoner</p> <p>4 Declaration, i.e., Subpoena Schedule A, Topic No. 4;</p> <p>5 number two, Providence's implementation of RQC, i.e.,</p> <p>6 subpoena, Schedule A, Topic No. 3; and, three,</p> <p>7 communications with Lawson regarding the RQC</p> <p>8 implementation process, i.e., this generally covers</p> <p>9 topic numbers one and two of the subpoena, Schedule A.</p> <p>10 I look forward to seeing you on Monday. Best regards,</p> <p>11 John."</p> <p>12 MR. CLEMENTS: Okay. Well, like I said, we</p> <p>13 can -- we can deal with that as it comes up. We'll go</p> <p>14 ahead and proceed with the deposition.</p> <p>15 Just to summarize, did you say it was topics</p> <p>16 one through four in your correspondence is what you had</p> <p>17 said?</p> <p>18 MR. GOLDMARK: That's correct.</p> <p>19 MR. CLEMENTS: Okay. All right. Well, let's</p> <p>20 go ahead and proceed.</p> <p>21 Q. (BY MR. CLEMENTS:) So, Mr. Reasoner, your</p> <p>22 understanding, at least, is that you are here to testify</p>
<p>14</p> <p>1 of the topics we agreed to provide Mr. Reasoner as a</p> <p>2 deponent on were essentially one through topics -- let's</p> <p>3 see -- through four. And I believe many of the</p> <p>4 questions that you have are subsumed within those</p> <p>5 topics.</p> <p>6 MR. CLEMENTS: Okay. Well, we'll go through</p> <p>7 this deposition and we'll see if we run into any</p> <p>8 problems.</p> <p>9 MR. GOLDMARK: Did you receive that -- the</p> <p>10 e-mail I sent on January -- or January 6th? At noon.</p> <p>11 To you. I copied Reddy, Srikanth.</p> <p>12 MR. CLEMENTS: I -- I don't have it with me.</p> <p>13 MR. GOLDMARK: Well, I can just -- For the</p> <p>14 record, I can read into --</p> <p>15 MR. CLEMENTS: Okay. Go ahead.</p> <p>16 MR. GOLDMARK: This says -- This is an e-mail</p> <p>17 from myself to James Clements, dated January 6th, 2012,</p> <p>18 sent at 12 p.m. It was sent to James Clements and</p> <p>19 copied to Reddy, Srikanth and myself. Subject is</p> <p>20 January 9 deposition of Providence witness. It says,</p> <p>21 "Thanks for letting me know, Jimmy. This confirms my</p> <p>22 agreement with you and Srikanth that the deposition will</p>	<p>16</p> <p>1 with regard to topics one through four of this subpoena?</p> <p>2 A. That is correct.</p> <p>3 Q. And are you prepared to testify on</p> <p>4 Providence's behalf with respect to these topics?</p> <p>5 A. I believe I am.</p> <p>6 MR. GOLDMARK: And just -- Just for the</p> <p>7 record -- follow up on that -- I -- I think you'll find</p> <p>8 out during the deposition, Jimmy, that topics number</p> <p>9 five and six and seven, particularly topics five and six</p> <p>10 that Mr. Reasoner has knowledge of, as well, and -- and</p> <p>11 Topic No. 7, we specifically objected to and it's --</p> <p>12 it's not -- it's not a topic that we agreed to provide a</p> <p>13 deponent on.</p> <p>14 MR. CLEMENTS: Okay. All right. Well,</p> <p>15 thanks, John.</p> <p>16 MR. GOLDMARK: Yeah.</p> <p>17 MR. CLEMENTS: Let's keep going.</p> <p>18 Q. (BY MR. CLEMENTS:) Mr. Reasoner, what did you</p> <p>19 do to prepare to testify concerning topics one through</p> <p>20 seven?</p> <p>21 A. I reviewed my e-mail box for relevant</p> <p>22 communications, both sent and received, and I reviewed</p>

<p>17</p> <p>1 some of our internal documents for the project of</p> <p>2 implementing the RQC application. And I talked to my</p> <p>3 application technology director, Dan Azevedo, who is</p> <p>4 referred in some of the e-mails, as well as Shawna</p> <p>5 Osborn, who was our lead analyst in charge of deploying</p> <p>6 RQC.</p> <p>7 In addition, I did speak with our internal</p> <p>8 counsel and then, subsequently, John, here, as our</p> <p>9 external counsel.</p> <p>10 Q. But among the Providence personnel that you</p> <p>11 spoke to, it was only Mr. Azevedo and Mrs. Osborn?</p> <p>12 A. Correct.</p> <p>13 Q. Okay. And I understand that you are</p> <p>14 represented by Mr. Goldmark today; is that correct?</p> <p>15 A. That is correct.</p> <p>16 Q. Is there any reason, at all, why you feel you</p> <p>17 cannot testify fully and accurately today?</p> <p>18 A. No, there's no reason why I shouldn't be able</p> <p>19 to.</p> <p>20 Q. Are you on any medication?</p> <p>21 A. I am not on any medication.</p> <p>22 Q. Okay. Well, we'll -- This is going to be a</p>	<p>19</p> <p>1 the question.</p> <p>2 Q. That is the question.</p> <p>3 A. Okay. Yes.</p> <p>4 It's not a trick question.</p> <p>5 A. Okay.</p> <p>6 Q. It's just laying foundation.</p> <p>7 A. Thank you. Yes, we do.</p> <p>8 Q. And could you tell me which applications?</p> <p>9 A. We license -- We have a license with Lawson,</p> <p>10 the -- what is commonly referred to as the S3</p> <p>11 application, which is the ERP tool Lawson has developed</p> <p>12 and delivered for a multitude of back office services.</p> <p>13 There are also other adjunct applications that</p> <p>14 you might not consider to be part of S3, so there are --</p> <p>15 there are a few other applications, as well.</p> <p>16 Q. Okay. So, you have S3 and then some other</p> <p>17 applications?</p> <p>18 A. Yes.</p> <p>19 Q. And do you know what those other applications</p> <p>20 are?</p> <p>21 A. I would be hard-pressed to list them all</p> <p>22 accurately, but they're things like Lawson Business</p>
<p>18</p> <p>1 relatively short deposition. We'll try to get through</p> <p>2 as quickly as we can.</p> <p>3 A. Okay.</p> <p>4 Q. You can ask for a break, if you need one.</p> <p>5 A. Okay.</p> <p>6 Q. But only thing I'd ask, if there's a question</p> <p>7 pending at that time, that you go ahead and answer the</p> <p>8 question --</p> <p>9 A. Okay.</p> <p>10 Q. -- before we take a break.</p> <p>11 Do you have any questions about the procedures</p> <p>12 today?</p> <p>13 A. No, not yet.</p> <p>14 Q. Okay. Great. So we can get into the meat of</p> <p>15 it.</p> <p>16 A. Okay.</p> <p>17 Q. Mr. Reasoner, does Providence currently</p> <p>18 license any software applications from Lawson?</p> <p>19 A. Does Lawson license applications from Lawson?</p> <p>20 Q. I'm sorry, does Providence currently license</p> <p>21 any software applications from Lawson?</p> <p>22 A. We pay for licenses from Lawson, if that is</p>	<p>20</p> <p>1 Intelligence, Lawson Mobile Supply Chain Management,</p> <p>2 there might be some technology tools that help run the</p> <p>3 IBM system. I -- I don't have, off the top of my head,</p> <p>4 an -- an exhaustive, complete list.</p> <p>5 Q. Okay. But among procurement-related software</p> <p>6 applications, can you tell me which specific</p> <p>7 applications Providence licenses from Lawson?</p> <p>8 A. The Mobile Supply Chain Management tool, the</p> <p>9 Lawson Procurement tool, that is all part of S3, and,</p> <p>10 let's see, we use Process Flow. I think that's part of</p> <p>11 S3, though. I believe it to be. I can't think of</p> <p>12 anything else, off the top of my head, that we -- that</p> <p>13 relate specifically to procurement and are licensed</p> <p>14 through Lawson.</p> <p>15 Q. Can you tell me if there are any specific</p> <p>16 applications or modules within the S3 Procurement tool</p> <p>17 that is included in the license that Providence has from</p> <p>18 Lawson?</p> <p>19 A. The specific tools within S3.</p> <p>20 Q. Yes. You mentioned S3 Procurement tool.</p> <p>21 A. Yes. So, there is a -- a purchasing tool,</p> <p>22 there is an AP module that is related to procurement,</p>

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<p>21</p> <p>1 there is an inventory tool, there's a receiving tool. I</p> <p>2 believe those to be it.</p> <p>3 Q. Are you aware of whether Providence licenses</p> <p>4 application called Lawson System Foundation?</p> <p>5 A. Yes.</p> <p>6 Q. And the answer is they do license Lawson</p> <p>7 System Foundation?</p> <p>8 A. They do -- They do license Lawson System</p> <p>9 Foundation.</p> <p>10 Q. What about Inventory Control?</p> <p>11 A. That is probably part of the overall -- when I</p> <p>12 said inventory system, it would have included that, yes.</p> <p>13 Q. Okay. What about a module called</p> <p>14 Requisitions?</p> <p>15 A. Yes. Requisition Self-Service, yes.</p> <p>16 Q. Just to be precise, here --</p> <p>17 A. Okay.</p> <p>18 Q. -- Requisition Self-Service, as I understand</p> <p>19 it, is a separate application from what was known as a</p> <p>20 requisitions module. Do you understand that difference?</p> <p>21 A. I don't tend to think of them that way, but --</p> <p>22 Yes, I'm -- They are different, yes.</p>	<p>23</p> <p>1 October when Providence turned off, as you say,</p> <p>2 Requisition Self-Service or was that when the -- the</p> <p>3 license itself actually expired?</p> <p>4 A. We turned off that Requisition Self-Service</p> <p>5 functionality to all of our users.</p> <p>6 Q. Okay. Well, I'll come back to that later.</p> <p>7 And does Providence license a Requisition</p> <p>8 Center application --</p> <p>9 A. Yeah.</p> <p>10 Q. -- from Lawson?</p> <p>11 A. Yes, we do.</p> <p>12 Q. So, what I have right now, as the current list</p> <p>13 of procurement-related software applications that</p> <p>14 Providence currently licenses from Lawson, is Lawson</p> <p>15 System Foundation, Process Flow, Inventory Control,</p> <p>16 Requisitions, Purchase Order, EDI, and Requisition</p> <p>17 Center; is that correct?</p> <p>18 A. That's correct.</p> <p>19 Q. Okay. Thanks.</p> <p>20 A. Um-hum.</p> <p>21 Q. So, apart from the Requisition Self-Service</p> <p>22 application, which you said that Providence stopped</p>
<p>22</p> <p>1 Q. Okay. So, Providence licenses a requisitions</p> <p>2 module --</p> <p>3 A. Yes.</p> <p>4 Q. -- from Lawson?</p> <p>5 A. Yes, we do.</p> <p>6 Q. Okay. Does Providence license the purchase</p> <p>7 order module from Lawson?</p> <p>8 A. Yes.</p> <p>9 Q. Does Providence license the EDI module from</p> <p>10 Lawson?</p> <p>11 A. Yes.</p> <p>12 Q. What about Procurement Punchout?</p> <p>13 A. We do not.</p> <p>14 Q. Does Providence license a Requisitions</p> <p>15 Self-Service application from Lawson?</p> <p>16 A. We did.</p> <p>17 Q. Does Providence currently license a</p> <p>18 Requisition Self-Service application from Lawson?</p> <p>19 A. No. We've turned that off.</p> <p>20 Q. And when did that license terminate?</p> <p>21 A. At the end of October.</p> <p>22 Q. Does that mean that that is -- Is the end of</p>	<p>24</p> <p>1 using at end of October, has Providence added or dropped</p> <p>2 any procurement-related Lawson Software applications in</p> <p>3 the past year?</p> <p>4 A. Any -- Could you please just restate the</p> <p>5 question?</p> <p>6 Q. Yes. Has Providence added or dropped any</p> <p>7 procurement-related Lawson applications in the past</p> <p>8 year?</p> <p>9 A. In the past year.</p> <p>10 Q. Putting aside Requisition Self-Service.</p> <p>11 A. Okay. No.</p> <p>12 Q. What about Requisition Center? When did</p> <p>13 Providence begin licensing Requisition Center</p> <p>14 application?</p> <p>15 A. I'm sorry, that is an add that happened in, I</p> <p>16 believe, May.</p> <p>17 Q. Do you know what date in May that --</p> <p>18 A. No.</p> <p>19 Q. -- Providence began licensing the Requisition</p> <p>20 Center application?</p> <p>21 A. Not specifically.</p> <p>22 Q. But, to your knowledge, apart from Requisition</p>

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<p>25</p> <p>1 Center and Requisition Self-Service, Providence has not</p> <p>2 added or dropped any procurement-related Lawson</p> <p>3 applications in the past year?</p> <p>4 A. Correct.</p> <p>5 Q. And what about the past five years?</p> <p>6 A. Past five years. Well, in the past five</p> <p>7 years, we've probably added some applications. I don't</p> <p>8 remember the exact date that we added mobile supply</p> <p>9 chain management. That might have been within a</p> <p>10 five-year time period.</p> <p>11 Q. Okay. Is there any other applications aside</p> <p>12 from mobile supply chain management that you remember</p> <p>13 being added in the last five years?</p> <p>14 MR. GOLDMARK: I'm going to object just to</p> <p>15 note for the record that this goes substantially beyond</p> <p>16 the applicable time period of the deposition topics.</p> <p>17 THE WITNESS: Could you rephrase the question</p> <p>18 again, please.</p> <p>19 Q. (BY MR. CLEMENTS:) So, my understanding is,</p> <p>20 from your testimony, that sometime within the five --</p> <p>21 last five years, you believe Providence added mobile</p> <p>22 supply chain management application, correct?</p>	<p>27</p> <p>1 A. I don't know.</p> <p>2 Q. Has any effort been made by Providence to</p> <p>3 determine whether or not Requisition Self-Service</p> <p>4 application still resides on any Providence servers or</p> <p>5 other computers?</p> <p>6 A. Not that I'm aware of.</p> <p>7 Q. Do you believe it was Providence's obligation</p> <p>8 to uninstall Requisition Self-Service application</p> <p>9 pursuant to the court's injunction order in the ePlus v</p> <p>10 Lawson litigation?</p> <p>11 A. Could you say that again, please.</p> <p>12 Q. Do you think that Providence had an obligation</p> <p>13 to uninstall the Requisition Self-Service application</p> <p>14 pursuant to the injunction order against Lawson</p> <p>15 Software?</p> <p>16 A. I don't -- I don't know that -- I don't know</p> <p>17 that we were required to remove it. We were required to</p> <p>18 stop using it.</p> <p>19 Q. Okay. But, to your knowledge, there has been</p> <p>20 no effort made by Providence to uninstall the</p> <p>21 Requisition -- excuse me. Let me start over.</p> <p>22 To your knowledge, there's been no effort by</p>
<p>26</p> <p>1 A. Yes.</p> <p>2 Q. And I just want to follow up if there were any</p> <p>3 other applications aside from that that Providence had</p> <p>4 added or dropped during the last five years.</p> <p>5 A. Any -- Any procurement applications? Or any</p> <p>6 Lawson applications?</p> <p>7 Q. Yeah, let me clarify that. Any</p> <p>8 procurement-related Lawson applications.</p> <p>9 A. I -- I can't -- I don't think so. I can't say</p> <p>10 definitively -- I just don't -- I don't -- I would have</p> <p>11 to go back through a fair amount of detail to see what</p> <p>12 we might have added or dropped, particularly if we were</p> <p>13 talking about small pieces. So, I can't think of</p> <p>14 anything major that we would have added or dropped.</p> <p>15 Q. Okay. So, going back to your earlier</p> <p>16 testimony, I understand you stated that Providence</p> <p>17 turned off Requisition Self-Service at the end of</p> <p>18 October of last year; is that correct?</p> <p>19 A. That's correct.</p> <p>20 Q. Does the Requisition Self-Service application</p> <p>21 still reside on any Providence servers or other</p> <p>22 computers as of today?</p>	<p>28</p> <p>1 Providence to uninstall the Requisition Self-Service</p> <p>2 application from Providence's servers?</p> <p>3 A. I don't know of a project that specifically</p> <p>4 would go to all of our different environments and ensure</p> <p>5 that it has been removed.</p> <p>6 Q. Are you aware of any servers or other</p> <p>7 computers at Providence in which the Requisition</p> <p>8 Self-Service application has been removed?</p> <p>9 A. I can't say that I am.</p> <p>10 Q. Has Lawson ever inquired from Providence</p> <p>11 whether it has removed the Requisition Self-Service</p> <p>12 application from its system?</p> <p>13 A. I don't recall any specific communication or</p> <p>14 requests to me asking that.</p> <p>15 Q. And is there anyone else at Providence who</p> <p>16 might have received that inquiry from Lawson?</p> <p>17 A. Yes.</p> <p>18 Q. Who would that be?</p> <p>19 A. Dan Azevedo.</p> <p>20 Q. And, to your knowledge, did Lawson make any</p> <p>21 inquiry of Mr. Azevedo as to whether or not Providence</p> <p>22 had removed the Requisition Self-Service application</p>

<p>29</p> <p>1 from its system?</p> <p>2 A. I don't know.</p> <p>3 Q. Mr. Reasoner, does Providence pay license fees</p> <p>4 for the procurement-related applications that it</p> <p>5 licenses from Lawson?</p> <p>6 A. Say that again.</p> <p>7 Q. Well, let me just -- If we can reach an</p> <p>8 understanding. When I refer to the procurement-related</p> <p>9 applications, you describe them as the S3 Procurement</p> <p>10 tool.</p> <p>11 A. Correct.</p> <p>12 Q. So, I'm going to refer to them as S3</p> <p>13 Procurement, if that works for you.</p> <p>14 A. Okay. It does.</p> <p>15 Q. Does Providence pay license fees for the S3</p> <p>16 Procurement tool that it licenses from Lawson?</p> <p>17 A. Yes.</p> <p>18 Q. And how are those license fees structured?</p> <p>19 A. Our license fees with Lawson are based on a --</p> <p>20 a revenue model, a net revenue model, so the fee</p> <p>21 originally paid covered a full use and is unrestricted,</p> <p>22 so it's not by seat or anything such as that. And</p>	<p>31</p> <p>1 Procurement?</p> <p>2 A. Yes, it does.</p> <p>3 Q. Is Providence required to make recurring</p> <p>4 payments on these licenses -- Let me start over.</p> <p>5 Is Providence required to make recurring</p> <p>6 payments on the S3 Procurement license, periodically?</p> <p>7 A. Can you please define for me what you mean by</p> <p>8 license?</p> <p>9 Q. There -- Do you understand there to be some</p> <p>10 type of contractual agreement between Lawson and</p> <p>11 Providence that provides Providence the legal right to</p> <p>12 use the Lawson S3 Procurement suite?</p> <p>13 A. Yes, there is.</p> <p>14 Q. And Providence pays some fee associated with</p> <p>15 that to Lawson for that use?</p> <p>16 A. Yes. So, I refer to that as an annual</p> <p>17 maintenance fee.</p> <p>18 Q. So, the -- the fee that we discussed before</p> <p>19 that was based on the net revenue model and having</p> <p>20 unrestricted use was an annual maintenance fee?</p> <p>21 A. No.</p> <p>22 Q. That was not an annual maintenance fee.</p>
<p>30</p> <p>1 depending on our revenue number, we may, from time to</p> <p>2 time, have to pay Lawson additional licensing depending</p> <p>3 on the growth of our company.</p> <p>4 Q. Okay. So, let me make sure that -- that I</p> <p>5 understand this accurately. So, there's some sort of</p> <p>6 flat fee that Providence pays to Lawson for S3</p> <p>7 Procurement that applies to an unrestricted number of</p> <p>8 users, correct?</p> <p>9 A. Correct.</p> <p>10 Q. And then, above and beyond that, if</p> <p>11 Providence's net revenue should exceed a certain amount,</p> <p>12 then there's an additional amount that's paid on the</p> <p>13 license?</p> <p>14 A. That's correct.</p> <p>15 Q. Okay. Does Providence pay a separate license</p> <p>16 fee for each application within the S3 Procurement tool?</p> <p>17 A. No.</p> <p>18 Q. Does Providence pay a single license fee for</p> <p>19 the entire S3 Procurement suite?</p> <p>20 A. It does.</p> <p>21 Q. And does that license cover each of the</p> <p>22 applications that we discussed previously relating to S3</p>	<p>32</p> <p>1 A. It was not. It -- And is not. It is a</p> <p>2 license payment. It's a one-time payment.</p> <p>3 Q. I see. So, going back to the license fee,</p> <p>4 there is a one-time fee that you pay that's a flat fee</p> <p>5 correct?</p> <p>6 A. Correct.</p> <p>7 Q. And then, periodically, you may pay additional</p> <p>8 amounts on that license based on the net revenue of</p> <p>9 Providence?</p> <p>10 A. Correct.</p> <p>11 Q. How often do these recurring payments based on</p> <p>12 the net revenue occur?</p> <p>13 A. In my time with Providence, it has occurred</p> <p>14 only one time.</p> <p>15 Q. How often is the net revenue measured for</p> <p>16 purposes of determining whether or not an additional</p> <p>17 amount needs to be paid on the license?</p> <p>18 A. Annually.</p> <p>19 Q. So, would Providence pay an additional amount</p> <p>20 annually to Lawson for the license fee, assuming that</p> <p>21 their net revenue exceeded the amount stated in the</p> <p>22 license agreement?</p>

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<p>33</p> <p>1 A. I'm sorry, say that again.</p> <p>2 Q. If Providence's net revenue exceeded the</p> <p>3 amount stated in the license agreement --</p> <p>4 A. Yes.</p> <p>5 Q. -- then would Providence be obligated to pay</p> <p>6 each year the additional amount in accordance with the</p> <p>7 license agreement?</p> <p>8 A. Any time, annually, that Providence's net</p> <p>9 revenue exceeds the contractual requirements of that net</p> <p>10 revenue amount, we are obligated to pay an additional</p> <p>11 licensing fee --</p> <p>12 Q. Okay. Thanks.</p> <p>13 A. -- to -- to cover that.</p> <p>14 Q. Okay. So, now -- You said that Providence has</p> <p>15 only once paid the additional amount based on net</p> <p>16 revenue for the license fee, correct?</p> <p>17 A. That's correct.</p> <p>18 Q. When did that payment occur?</p> <p>19 A. In 2006. And the actual payment may have been</p> <p>20 made in 2007.</p> <p>21 Q. Does the license agreement for S3 Procurement</p> <p>22 between Providence and Lawson ever expire?</p>	<p>35</p> <p>1 Self-Service software products required. (S3 Product</p> <p>2 IDs: SIP, SIPP, SIPSU), and it's dated May 27th, 2011.</p> <p>3 It bears Bates label RQC000732 (sic) to RQC000738.</p> <p>4 MR. GOLDMARK: Jimmy, I got a bunch of blank</p> <p>5 pages, here, at the end of my Exhibit 2.</p> <p>6 MR. CLEMENTS: Well, that's unfortunate.</p> <p>7 MR. GOLDMARK: I only go up to 734.</p> <p>8 THE WITNESS: That is true for me, as well.</p> <p>9 MS. SIMMONS: I have --</p> <p>10 MR. CLEMENTS: Okay. Well, I will represent</p> <p>11 that 735 through 738 is a copy of the injunction order</p> <p>12 from the litigation. I don't intend to ask questions</p> <p>13 about that. So, I apologize for that.</p> <p>14 MR. GOLDMARK: That's fine.</p> <p>15 And, Jimmy, would you be referring to, then,</p> <p>16 what's I think is the tail end of Exhibit 1, is the</p> <p>17 injunctive order? When you say that's the missing</p> <p>18 portion of Exhibit 2, is that the same as the injunctive</p> <p>19 order, the last --</p> <p>20 MR. CLEMENTS: Yeah. That's correct.</p> <p>21 Pages --</p> <p>22 MR. GOLDMARK: -- the last pages of Exhibit 1?</p>
<p>34</p> <p>1 A. No.</p> <p>2 To be clear, as long as we continue to pay</p> <p>3 annual maintenance.</p> <p>4 Q. Okay. Thank you.</p> <p>5 A. Can we just take a quick little break, here?</p> <p>6 The sound that you're hearing --</p> <p>7 THE VIDEOGRAPHER: Oh, one moment, please.</p> <p>8 We'll go off the record briefly. The time is 9:43.,</p> <p>9 (Off the record at 9:43 a.m.)</p> <p>10 (Back on the record at 9:43 a.m.)</p> <p>11 THE VIDEOGRAPHER: Okay. We are back on the</p> <p>12 record. The time is 9:43. Please proceed.</p> <p>13 MR. CLEMENTS: Court reporter, could you</p> <p>14 please mark this document as Reasoner Exhibit No. 2.</p> <p>15 (Deposition Exhibit 2 was marked for</p> <p>16 identification.)</p> <p>17 Q. (BY MR. CLEMENTS:) Mr. Reasoner, the court</p> <p>18 reporter has just handed you what has been marked as</p> <p>19 Reasoner Exhibit No. 2. Again, please just take a</p> <p>20 moment to peruse it.</p> <p>21 For the record, this document has the header</p> <p>22 subject: Immediate replacement of Requisition</p>	<p>36</p> <p>1 MR. CLEMENTS: Exactly. That's the last one,</p> <p>2 two, three -- it looks like the last four pages of</p> <p>3 Exhibit 1.</p> <p>4 I don't know why that did not print out.</p> <p>5 So, just to clarify for the record, what we're</p> <p>6 actually looking at is actually Bates labeled RQC0000732</p> <p>7 through RQC0000734.</p> <p>8 Q. (BY MR. CLEMENTS:) Mr. Reasoner, have you seen</p> <p>9 this document before?</p> <p>10 A. Yes, I have seen this before.</p> <p>11 Q. When did you first see it?</p> <p>12 A. On or about May 27th.</p> <p>13 Q. And did Providence receive a copy of this</p> <p>14 document from Lawson?</p> <p>15 A. Yes.</p> <p>16 Q. They received a copy from Lawson on or about</p> <p>17 May 27th, 2011?</p> <p>18 A. Correct.</p> <p>19 Q. What is your understanding regarding the</p> <p>20 purpose of this document?</p> <p>21 A. To inform us as a user of Lawson software the</p> <p>22 ruling by the court, explaining to us that we needed to</p>

<p>37</p> <p>1 prepare to stop using RSS in that there was a</p> <p>2 replacement solution called RQC.</p> <p>3 Q. If you could, please turn to the next page,</p> <p>4 Bates label RQC0000733, and you note that, after the</p> <p>5 first paragraph, there is a subheading, bold face,</p> <p>6 stating, "Court ruling as of May 23rd, 2011." You see</p> <p>7 that?</p> <p>8 A. I do.</p> <p>9 Q. And then, if you go down to the next line, it</p> <p>10 states, "A copy of the court's order is appended to this</p> <p>11 letter and here is the summary." And if we skip down to</p> <p>12 the second bullet, it states, "Lawson must immediately</p> <p>13 and permanently stop selling and servicing S3 solutions</p> <p>14 used in conjunction with RSS, the M3 e-Procurement</p> <p>15 System (USA only)." Do you see that?</p> <p>16 A. I do.</p> <p>17 Q. Do you understand this statement to mean that</p> <p>18 Lawson would no longer be able to service the Lawson</p> <p>19 system used by Providence as existed on May 23rd, 2011?</p> <p>20 A. Can you say that again, please?</p> <p>21 Q. Do you understand this statement that I just</p> <p>22 read here to mean that Lawson would no longer be able to</p>	<p>39</p> <p>1 Q. So, are you referring to the next statement?</p> <p>2 A. Yes, I am.</p> <p>3 Q. And, for the record, it says, "For customers</p> <p>4 who provide only healthcare patient services who first</p> <p>5 licensed RSS before January 27th, 2011, Lawson may</p> <p>6 continue to service, support these customers until</p> <p>7 November 22nd, 2011." Is that correct?</p> <p>8 A. That's correct.</p> <p>9 Q. So, your understanding was that Lawson --</p> <p>10 Excuse me. Let me start over.</p> <p>11 Was it your understanding that Lawson would no</p> <p>12 longer be able to service the Lawson system used by</p> <p>13 Providence as existed on May 23rd, 2011, after</p> <p>14 November 22nd, 2011?</p> <p>15 A. That is -- That was -- is and was my</p> <p>16 understanding.</p> <p>17 Q. Okay. Thanks for the clarification.</p> <p>18 Now, as I understood your earlier testimony,</p> <p>19 Mr. Reasoner, you stated that Providence paid an</p> <p>20 up-front license fee for an S3 Procurement license that</p> <p>21 included the Requisition Self-Service application,</p> <p>22 correct?</p>
<p>38</p> <p>1 service the Lawson system used by Providence as it</p> <p>2 existed on May 23rd, 2011?</p> <p>3 A. I'm sorry, I'm not -- I'm not -- Do I</p> <p>4 understand that Lawson could no longer service the S3</p> <p>5 application as a result -- is --</p> <p>6 Q. Well, let's back up for a moment.</p> <p>7 A. Yes. Yes.</p> <p>8 Q. So, as of May 23rd, 2011, was Providence still</p> <p>9 using an S3 Procurement system that incorporated the</p> <p>10 Requisition Self-Service application?</p> <p>11 A. Yes, we were.</p> <p>12 Q. Okay. So, based on the fact that Providence</p> <p>13 was using an S3 Procurement system that incorporated</p> <p>14 Requisition Self-Service, is it your understanding,</p> <p>15 based on the statement Lawson made in this memo to its</p> <p>16 customers, that it would no longer be able to service</p> <p>17 the system used by Providence as it existed on the date</p> <p>18 of this document?</p> <p>19 A. There is -- That was not my understanding.</p> <p>20 Q. Can you tell me what your understanding was?</p> <p>21 A. That we had until November 2011 to transition,</p> <p>22 which is what this letter is encouraging us to do.</p>	<p>40</p> <p>1 A. Correct.</p> <p>2 Q. And, as of this date, Lawson is no longer able</p> <p>3 to service that system as it existed; is that correct?</p> <p>4 A. That's correct.</p> <p>5 Q. Did Lawson offer Providence any reduction or</p> <p>6 reimbursement of its license fee to compensate for the</p> <p>7 removal of support for the Requisition Self-Service</p> <p>8 application?</p> <p>9 A. Please say that again.</p> <p>10 Did -- Did they offer us -- Just say it again.</p> <p>11 Q. Any reduction in the license fee that</p> <p>12 Providence had paid for the S3 Procurement suite or any</p> <p>13 reimbursement to compensate for the fact that they</p> <p>14 were -- had to remove support for systems incorporating</p> <p>15 the Requisition Self-Service application?</p> <p>16 MR. GOLDMARK: I'm going to object to form.</p> <p>17 It's a compound question and confusing. And I'm also</p> <p>18 just going to object. I think that sort of continues</p> <p>19 and expands upon a line of questioning that's far</p> <p>20 outside the scope of the noted deposition topics for</p> <p>21 which he's a deponent. Specifically, you're asking a</p> <p>22 whole bunch about specific fee arrangements that's</p>

<p>41</p> <p>1 nowhere within any of the notice topics.</p> <p>2 Q. (BY MR. CLEMENTS:) Now, unless he tells you</p> <p>3 not to answer, you can go ahead and answer to the best</p> <p>4 of your knowledge.</p> <p>5 A. Okay. I don't recall any notification from</p> <p>6 Lawson or offer to reduce the license fee that we paid,</p> <p>7 historically, because we were moving off of RSS.</p> <p>8 Q. So, just to follow up to that, were there any</p> <p>9 discussions that took place between Providence and</p> <p>10 Lawson regarding any sort of discount in its license</p> <p>11 fees as a result of the removal of support for</p> <p>12 Requisition Self-Service?</p> <p>13 A. No.</p> <p>14 Q. Were there any discussions that took place</p> <p>15 within Providence itself regarding a potential reduction</p> <p>16 in license fee that it had paid based on Lawson's</p> <p>17 removal of support for Requisition Self-Service?</p> <p>18 A. No.</p> <p>19 Q. So, at no time did Providence consider that it</p> <p>20 was owed any sort of reduction in its license fee as a</p> <p>21 result of Lawson's removal of support for Requisition</p> <p>22 Self-Service?</p>	<p>43</p> <p>1 things incorporated. It's -- It includes many things.</p> <p>2 Q. Can you provide an overview of the types of</p> <p>3 maintenance services that Lawson provides in accordance</p> <p>4 with the agreement?</p> <p>5 A. Sure. We have access to Lawson resources</p> <p>6 should there be any issues. They provide updates and</p> <p>7 enhancements to the whole S3 application. If we have a</p> <p>8 critical incident where the application is down, they're</p> <p>9 available to us to help bring that back up so that we</p> <p>10 can continue operations.</p> <p>11 Q. Okay. And similar to the license fee that we</p> <p>12 discussed, does Providence pay a single maintenance fee</p> <p>13 for the entire S3 Procurement suite?</p> <p>14 A. We pay a one-time fee, annually, for</p> <p>15 maintenance based on the various components that we own.</p> <p>16 Q. So, just to understand you correctly, there is</p> <p>17 a one-time fee paid annually for maintenance that covers</p> <p>18 the entire range of applications that Providence</p> <p>19 licenses from Lawson?</p> <p>20 A. That's correct.</p> <p>21 Q. Okay. Thank you.</p> <p>22 Can you tell me when the last maintenance</p>
<p>42</p> <p>1 A. Not that I can recall specifically.</p> <p>2 Q. Okay.</p> <p>3 Mr. Reasoner, I think you referenced earlier</p> <p>4 that Providence contracts Lawson to receive maintenance</p> <p>5 services related to the S3 Procurement suite; is that</p> <p>6 correct?</p> <p>7 A. Yes. Yes.</p> <p>8 Q. And what is the substance of the agreement</p> <p>9 between Lawson and Providence regarding the provision of</p> <p>10 maintenance services?</p> <p>11 A. That's a pretty complex question.</p> <p>12 Q. Okay. Well, let me try to be more specific.</p> <p>13 What maintenance services is Lawson obligated to provide</p> <p>14 Providence in accordance with this agreement?</p> <p>15 A. Can I talk to my legal counsel?</p> <p>16 Q. I would prefer that you go ahead and answer</p> <p>17 the pending question.</p> <p>18 A. I can't answer the question. The question is</p> <p>19 very complex.</p> <p>20 Q. Okay.</p> <p>21 A. It's -- In our arrangement with Lawson, in the</p> <p>22 maintenance support that they give us, there are many</p>	<p>44</p> <p>1 payment was made by Providence to Lawson?</p> <p>2 A. Our maintenance payments are due on May 30th</p> <p>3 of every year.</p> <p>4 Q. Did Lawson offer Providence any reduction in</p> <p>5 its maintenance fees to compensate for the removal of</p> <p>6 support for Requisition Self-Service?</p> <p>7 A. I --</p> <p>8 MR. GOLDMARK: Objection. Asked and answered.</p> <p>9 MR. CLEMENTS: Counsel, I think my earlier</p> <p>10 question related specifically to license fees. Now, I'm</p> <p>11 following up on maintenance fees.</p> <p>12 THE WITNESS: None that I can recall.</p> <p>13 Q. (BY MR. CLEMENTS:) And did any discussions</p> <p>14 take place within Providence regarding a potential</p> <p>15 reduction in the amounts -- excuse me. Start over.</p> <p>16 Did any discussions take place within</p> <p>17 Providence regarding a potential reduction in the amount</p> <p>18 of maintenance fees paid to Lawson?</p> <p>19 A. None that I'm aware of.</p> <p>20 Q. Are there any other agreements between Lawson</p> <p>21 and Providence related to the S3 Procurement suite,</p> <p>22 aside from the license agreement and the maintenance</p>

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<p>45</p> <p>1 agreement that we discussed?</p> <p>2 A. I'm sorry, can you restate that?</p> <p>3 Q. Well, we discussed a license agreement that</p> <p>4 related to the S3 Procurement suite, correct?</p> <p>5 A. Correct.</p> <p>6 Q. And we discussed an agreement for maintenance</p> <p>7 services, correct?</p> <p>8 A. Correct.</p> <p>9 Q. And are there any other agreements between</p> <p>10 Lawson and Providence that relate to services performed</p> <p>11 with regard to the S3 Procurement suite?</p> <p>12 A. There are many agreements that we signed with</p> <p>13 Lawson for specific services, so I'm not sure how to</p> <p>14 answer your question.</p> <p>15 Any time we engage a Lawson professional</p> <p>16 services person, there is a -- an agreement that is</p> <p>17 signed.</p> <p>18 Q. The agreements you're referencing here refer</p> <p>19 to specific tasks that Providence asked Lawson to</p> <p>20 perform?</p> <p>21 A. Yes.</p> <p>22 Q. Okay.</p>	<p>47</p> <p>1 recollection. These are documents that have been</p> <p>2 produced to ePlus.</p> <p>3 THE WITNESS: Yes, I'm looking at the project</p> <p>4 task list and looking for the date. I believe</p> <p>5 September 27th, 2011.</p> <p>6 Q. (BY MR. CLEMENTS:) Okay. So, as of --</p> <p>7 A. I also looked at our -- just as requested,</p> <p>8 here -- at a specific final communication that went out</p> <p>9 to all of our users on the 27th, notifying them that</p> <p>10 Requisition Self-Service was now moving to RQC.</p> <p>11 Q. So, as of September 27th, 2011, the Lawson</p> <p>12 Requisition Center application was put in a production</p> <p>13 capacity at Providence?</p> <p>14 A. Correct.</p> <p>15 Q. Is the Requisition Center application</p> <p>16 currently used to create and approve all requisitions at</p> <p>17 Providence?</p> <p>18 A. Not all.</p> <p>19 Q. How are any other requisitions created and</p> <p>20 approved at Providence?</p> <p>21 A. There's multiple ways. Some are done without</p> <p>22 Requisitions, some are done with the manual system,</p>
<p>46</p> <p>1 A. That's one example of types of agreements.</p> <p>2 Q. Putting those aside, are there any other</p> <p>3 agreements besides the license agreement and the</p> <p>4 maintenance agreement that you're aware of between</p> <p>5 Lawson and Providence?</p> <p>6 A. None that I can think of that would be</p> <p>7 relevant to the procurement application.</p> <p>8 Q. Okay. I don't know if we already covered</p> <p>9 this, so I'll go ahead and ask it again.</p> <p>10 Mr. Reasoner, is the Lawson Requisition Center</p> <p>11 application currently implemented at Providence?</p> <p>12 A. Yes, it is.</p> <p>13 Q. And has it been implemented in a production</p> <p>14 capacity?</p> <p>15 A. Yes, it has.</p> <p>16 Q. And when was the production implementation of</p> <p>17 Requisition Center at Providence completed?</p> <p>18 A. Can I refer to my notes?</p> <p>19 Q. Yes.</p> <p>20 MR. GOLDMARK: And when you find it,</p> <p>21 Mr. Reasoner, why don't you let Counsel know the Bates</p> <p>22 stamp document you're referring to to refresh your</p>	<p>48</p> <p>1 depending upon what they are.</p> <p>2 Q. When you refer to a manual system, do you mean</p> <p>3 a paper-based requisition system?</p> <p>4 A. I wouldn't call it paper-based. It's kind of</p> <p>5 an Outlook form tool. Generally done for capital</p> <p>6 requisitions.</p> <p>7 Q. Putting aside this Outlook form tool that you</p> <p>8 described, are there any other software applications</p> <p>9 used at Providence currently to create or approve</p> <p>10 requisitions?</p> <p>11 A. None that I'm aware of.</p> <p>12 Q. Could you estimate what percentage of all</p> <p>13 requisitions created at Providence Requisition Center is</p> <p>14 used for currently?</p> <p>15 A. Excluding those that were capital?</p> <p>16 Q. No. Including those. So, out of the entire</p> <p>17 set of requisitions that currently get created and</p> <p>18 approved, what percentage does Requisition Center</p> <p>19 account for?</p> <p>20 A. I can't answer that specifically. I would --</p> <p>21 I would say it is a very high percentage.</p> <p>22 Q. More than half?</p>

<p>49</p> <p>1 A. Oh, way more than half.</p> <p>2 Q. Are any requisitions still created or</p> <p>3 processed through Requisition Self-Service?</p> <p>4 A. No.</p> <p>5 Q. And what is the basis for your knowledge?</p> <p>6 A. We have turned off Requisition Self-Service.</p> <p>7 Q. Was there any implementation of Requisition</p> <p>8 Center that was performed at Providence prior to the</p> <p>9 implementation that was done for production?</p> <p>10 A. I'm sorry, say the first part again.</p> <p>11 Q. Was there any sort of implementation of</p> <p>12 Requisition Center, such as a test implementation, that</p> <p>13 was performed at Providence prior to the implementation</p> <p>14 of Requisition Center in a production capacity?</p> <p>15 A. In a production capacity? No.</p> <p>16 Q. Maybe I'm not clear, here.</p> <p>17 Prior to putting it into a production</p> <p>18 capacity, was there any other type of implementation of</p> <p>19 Requisition Center that was performed at Providence?</p> <p>20 A. Yes.</p> <p>21 Q. What was the purpose of this implementation?</p> <p>22 A. To test and validate its functionality in our</p>	<p>51</p> <p>1 was completed in September -- at some point in time in</p> <p>2 September of 2011.</p> <p>3 Q. Okay. But aside from this test implementation</p> <p>4 that was completed September 2011, and the actual</p> <p>5 production implementation which I understand was</p> <p>6 completed on September 27th, 2011, there were no other</p> <p>7 implementations of Requisition Center performed at</p> <p>8 Providence?</p> <p>9 A. No.</p> <p>10 Q. Okay. When did Providence first learn that</p> <p>11 Lawson was designing or had designed a new application</p> <p>12 called Requisition Center?</p> <p>13 A. In May of 2011.</p> <p>14 MR. GOLDMARK: Jimmy, we've been going for</p> <p>15 almost -- almost an hour now. Is now maybe a good time</p> <p>16 to take just a -- a brief break?</p> <p>17 MR. CLEMENTS: Yeah. I wanted to push through</p> <p>18 as much as possible, but if you need a break now, five</p> <p>19 minutes, you want to do that now?</p> <p>20 MR. GOLDMARK: It might be -- If you want to</p> <p>21 keep going, that's great.</p> <p>22 MR. CLEMENTS: I was thinking maybe go for,</p>
<p>50</p> <p>1 environment.</p> <p>2 Q. When was this implementation begun?</p> <p>3 A. In June.</p> <p>4 Q. When was it completed?</p> <p>5 A. On September 27th.</p> <p>6 Q. Okay. Now I'm a little bit confused. So, do</p> <p>7 I understand correctly that the test implementation of</p> <p>8 the Requisition Center application and the production</p> <p>9 implementation of Requisition Center application both</p> <p>10 completed on the same date, September 27th, 2011?</p> <p>11 A. No. They were not.</p> <p>12 Q. When was the test implementation of</p> <p>13 Requisition Center completed?</p> <p>14 A. I have to refer to my --</p> <p>15 Q. Okay.</p> <p>16 A. And, again, I'm looking at the task list that</p> <p>17 was submitted as documentation.</p> <p>18 Jimmy, if you would, please just refer --</p> <p>19 repeat the question, now.</p> <p>20 Q. When was the test implementation of</p> <p>21 Requisition Center completed at Providence?</p> <p>22 A. I would say, based on this schedule, that it</p>	<p>52</p> <p>1 like, an hour and a half and then take one break and</p> <p>2 then try to just do one more session, but if you want to</p> <p>3 take a break now --</p> <p>4 MR. GOLDMARK: If Kurt's good, I'm good.</p> <p>5 THE WITNESS: I'm good.</p> <p>6 MR. CLEMENTS: Yeah. Okay. Let's keep going,</p> <p>7 then.</p> <p>8 THE WITNESS: Thank you.</p> <p>9 Q. (BY MR. CLEMENTS:) So, let me look back at the</p> <p>10 last question, here</p> <p>11 So, Providence first learned that Lawson was</p> <p>12 designing -- or had designed a new application called</p> <p>13 Requisition Center in May of 2011, correct?</p> <p>14 A. Correct.</p> <p>15 Q. And how was it that Providence first learned</p> <p>16 of the Requisition Center application?</p> <p>17 A. I was informed by some Lawson personnel that</p> <p>18 happened to be here on site.</p> <p>19 Q. Do you remember the date?</p> <p>20 A. It was either May 25th or May 26th.</p> <p>21 Q. Who were the Lawson personnel that were here?</p> <p>22 A. Keith Lohkamp was here, as well as Darcy</p>

<p>53</p> <p>1 Snyder and our Lawson executive, and other Lawson</p> <p>2 personnel.</p> <p>3 Q. So, prior to May 25th, 2011, Providence had no</p> <p>4 knowledge that Lawson was designing an application</p> <p>5 called Requisition Center?</p> <p>6 A. Not to my knowledge.</p> <p>7 Q. Was Providence ever provided with a</p> <p>8 demonstration of the Requisition Center application?</p> <p>9 A. Yes.</p> <p>10 Q. Can you describe the circumstances of that</p> <p>11 demonstration?</p> <p>12 A. I believe the first demonstration was, again,</p> <p>13 on those dates, May 25th or 26th. The circumstances of</p> <p>14 that demonstration was the simple convenience of the</p> <p>15 fact that I was hosting a -- a sort of user group</p> <p>16 meeting here, in Renton, and other Lawson users that are</p> <p>17 large, multi-entity healthcare organizations attend --</p> <p>18 it's a networking group. We had a demonstration at that</p> <p>19 point.</p> <p>20 Q. Was this a live demonstration of the</p> <p>21 Requisition Center application?</p> <p>22 A. I did not see the demo myself. I know that it</p>	<p>55</p> <p>1 May 26th, correct?</p> <p>2 A. Correct.</p> <p>3 Q. And was Providence itself able to use the</p> <p>4 Requisition Center application during that time?</p> <p>5 A. No.</p> <p>6 Q. Are you aware of any other demonstrations of</p> <p>7 the Requisition Center application that were provided to</p> <p>8 Providence before it implemented the application?</p> <p>9 A. Other demonstrations? Yes, there were.</p> <p>10 Q. And when did those take place?</p> <p>11 A. I can't -- I don't know specific dates.</p> <p>12 Q. Do you know how many demonstrations there</p> <p>13 were?</p> <p>14 A. Specifically, no. Probably less than five.</p> <p>15 But I know that we did demos for our user base across</p> <p>16 all of our regions.</p> <p>17 Q. So, these demonstrations that you're referring</p> <p>18 to are demonstrations that were done internally within</p> <p>19 Providence?</p> <p>20 A. Done within Providence as part of the project</p> <p>21 to deploy Requisition Center.</p> <p>22 Q. Were these -- excuse me. Let me start over.</p>
<p>54</p> <p>1 occurred, so I can't answer that question as to whether</p> <p>2 or not it was live. It was a demo, so --</p> <p>3 Q. But just to confirm it -- When you say</p> <p>4 demonstration, it means they were actually seeing the</p> <p>5 application itself being used versus just a static</p> <p>6 PowerPoint presentation?</p> <p>7 A. You know, I can't -- I don't know for sure. I</p> <p>8 really don't know. I didn't see it. So, I don't know,</p> <p>9 was it bits and parts. It may have been a combination</p> <p>10 of both.</p> <p>11 Q. Did you yourself ever see a demonstration of</p> <p>12 the Requisition Center application?</p> <p>13 A. No, I did not.</p> <p>14 Q. Do you know if Providence itself was able to</p> <p>15 use the Requisition Center application during the time</p> <p>16 of May 25th and May 26th, whenever this user group took</p> <p>17 place here at Providence?</p> <p>18 A. I'm sorry, say that again.</p> <p>19 Q. So, there was some user group session that</p> <p>20 took place --</p> <p>21 A. Yes.</p> <p>22 Q. -- at Providence on either May 25th or</p>	<p>56</p> <p>1 Were these demonstrations performed by</p> <p>2 Providence personnel?</p> <p>3 A. No. I don't believe so.</p> <p>4 Q. Who provided these demonstrations?</p> <p>5 A. Lawson personnel.</p> <p>6 Q. Just to confirm, you said that you never</p> <p>7 actually yourself saw any of these demonstrations?</p> <p>8 A. I did not.</p> <p>9 Q. When was Requisition Center first installed at</p> <p>10 Providence?</p> <p>11 A. It looks like June 27th is when we completed</p> <p>12 that step in our deployment process.</p> <p>13 Q. And that's June 27th, 2011?</p> <p>14 A. Correct.</p> <p>15 Q. Do you know how long the download took?</p> <p>16 Excuse me, let me back up.</p> <p>17 How did Providence obtain the Requisition</p> <p>18 Center application?</p> <p>19 A. We typically go to the Lawson site and -- and</p> <p>20 download the application.</p> <p>21 Q. And do you know how long that download took?</p> <p>22 A. I don't know specifically.</p>

<p>57</p> <p>1 Q. Do you have an idea of how long it took?</p> <p>2 A. Generally, those downloads don't take too</p> <p>3 long. I don't know.</p> <p>4 Q. Less than an hour?</p> <p>5 A. Less than an hour.</p> <p>6 Q. Less than half an hour?</p> <p>7 A. I don't know.</p> <p>8 Q. Did Providence experience any unexpected</p> <p>9 difficulties during the installation of the Requisition</p> <p>10 Center application?</p> <p>11 A. I don't know.</p> <p>12 Q. But you're not aware of any difficulties that</p> <p>13 Providence experienced during the installation of</p> <p>14 Requisition Center?</p> <p>15 A. We were able to download it and load it into a</p> <p>16 test environment within the time constraints of our</p> <p>17 project plan.</p> <p>18 Q. And going back to what you said earlier, if I</p> <p>19 remember correctly, you said that Providence began the</p> <p>20 Requisition Center implementation sometime in June 2011?</p> <p>21 A. That's correct.</p> <p>22 Q. And was that June 27th, 2011?</p>	<p>59</p> <p>1 early June, I'm referring to those steps.</p> <p>2 Q. I would agree with that, that that would also</p> <p>3 encompass by implementations.</p> <p>4 A. Yes.</p> <p>5 Q. So, thanks.</p> <p>6 And did you put a specific date on that or</p> <p>7 just early June?</p> <p>8 A. It's early June. I don't know the exact date</p> <p>9 that -- that we said -- that we started it.</p> <p>10 Q. And going back to your earlier testimony, I</p> <p>11 think you said the implementation was completed on</p> <p>12 September 27th, 2011; is that correct?</p> <p>13 A. That's correct.</p> <p>14 Q. Okay. Are you aware of any unexpected</p> <p>15 difficulties that Providence experienced during the</p> <p>16 implementation of Requisition Center?</p> <p>17 A. There were difficulties and challenges in</p> <p>18 implementing, yes.</p> <p>19 Q. Can you give me an idea of what some of those</p> <p>20 challenges were?</p> <p>21 A. I know that there were problems with the code</p> <p>22 that had to be worked through. I don't know the</p>
<p>58</p> <p>1 A. No.</p> <p>2 Q. When did the implementation begin?</p> <p>3 A. The -- The implementation started in early</p> <p>4 June -- Can you define what you mean by implementation?</p> <p>5 Q. So, you stated that, on June 27th, Requisition</p> <p>6 Center application was downloaded from Lawson's website;</p> <p>7 is that correct?</p> <p>8 A. Yes.</p> <p>9 Q. And then there was some process that took</p> <p>10 place subsequent to that to actually put this</p> <p>11 application into operation at Providence, right?</p> <p>12 A. Yes.</p> <p>13 Q. I would refer to that process as the</p> <p>14 implementation.</p> <p>15 A. Okay. So, before we download any application,</p> <p>16 there's processes up front that occur first. So, we</p> <p>17 have to, amongst other things, create an environment.</p> <p>18 We need to put a project plan together; we need to</p> <p>19 identify who the people are that would be working on the</p> <p>20 project; there needs to be some approval of the project,</p> <p>21 any resources assigned to work on it. So, those things</p> <p>22 would happen. So, when I say the project started in</p>	<p>60</p> <p>1 specifics of that.</p> <p>2 Q. Can you explain what you mean by problems with</p> <p>3 the code?</p> <p>4 A. It -- The application didn't work as our</p> <p>5 business users needed it to, in -- in certain steps in</p> <p>6 the process. So, we would be working with Lawson to</p> <p>7 resolve those identified issues as we went through the</p> <p>8 testing phase.</p> <p>9 Q. And just to be clear, does that mean that the</p> <p>10 application was non-functional in these aspects?</p> <p>11 A. If you define non-functional as not meeting</p> <p>12 every business need, the answer to that question is yes.</p> <p>13 If you define non-functional as a piece, a step, a part</p> <p>14 of didn't work, then I would say no. Parts of it --</p> <p>15 Overall, it was working. There was a problem with a</p> <p>16 specific step or a -- a form, a page.</p> <p>17 Q. But were these problems that Providence</p> <p>18 experienced -- would you describe them as bugs in the</p> <p>19 code?</p> <p>20 A. Yes.</p> <p>21 Q. And do you know about how much time was spent</p> <p>22 resolving these problems?</p>

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<p>61</p> <p>1 A. Between the time of the download and the time</p> <p>2 of the go-live, there were -- that was all part of it,</p> <p>3 and we -- I would also point out that we still are not</p> <p>4 completely satisfied. We still have outstanding issues</p> <p>5 that we are continuing to remediate, to this day. So,</p> <p>6 in one regard, I would say we're not done.</p> <p>7 Q. Can you give an estimate of how many man-hours</p> <p>8 have been spent resolving these difficulties?</p> <p>9 A. I really can't. I don't know.</p> <p>10 Q. And do you have any estimate as to when you</p> <p>11 expect that the remaining problems that Providence has</p> <p>12 with the Requisition Center application will be</p> <p>13 resolved?</p> <p>14 A. I hope soon, but I don't know specifically.</p> <p>15 Q. Is Lawson providing assistance to Providence</p> <p>16 with these problems?</p> <p>17 A. Yes, they are.</p> <p>18 Q. Okay. I think this is a good opportunity to</p> <p>19 take a break if -- if you want.</p> <p>20 A. Okay.</p> <p>21 MR. CLEMENTS: That works for everybody, say</p> <p>22 five minutes --</p>	<p>63</p> <p>1 been handed what's been marked as Reasoner Exhibit</p> <p>2 No. 3. Please take a moment to peruse it. Let me know</p> <p>3 when you're finished.</p> <p>4 For the record, this document is entitled</p> <p>5 Declaration of Kurt Reasoner, and it's docket number</p> <p>6 804-6 from ePlus v Lawson Software, case number</p> <p>7 3:09-cv-00620.,</p> <p>8 A. Yes.</p> <p>9 Q. Okay. Have you seen this document before?</p> <p>10 A. I have.</p> <p>11 Q. And you note on the second page signed and</p> <p>12 dated September 19th, 2011, correct?</p> <p>13 A. Correct.</p> <p>14 Q. And is that your signature, Mr. Reasoner?</p> <p>15 A. Yes, it is.</p> <p>16 Q. And is this document a signed declaration that</p> <p>17 you submitted in support of Lawson, and it's a</p> <p>18 litigation with ePlus?</p> <p>19 A. Yes.</p> <p>20 Q. Can you tell me what the purpose of this</p> <p>21 declaration is?</p> <p>22 A. The purpose of this, as it states, was a</p>
<p>62</p> <p>1 THE WITNESS: Sounds good.</p> <p>2 MR. CLEMENTS: -- come back.</p> <p>3 THE VIDEOGRAPHER: Please stand by.</p> <p>4 As we go off the record, then, this is the end</p> <p>5 of media unit number one in Mr. Reasoner's</p> <p>6 video-recorded testimony. The time is 10:23.,</p> <p>7 (Off the record at 10:23 a.m.)</p> <p>8 (Back on the record at 10:39 a.m.)</p> <p>9 THE VIDEOGRAPHER: We go back on the record</p> <p>10 now. This is the beginning of media unit number two.</p> <p>11 The time is 10:39.,</p> <p>12 Please proceed.</p> <p>13 MR. CLEMENTS: Court reporter, could you</p> <p>14 please mark this document as Reasoner Exhibit No. 3, I</p> <p>15 think we're up to.</p> <p>16 John.</p> <p>17 MR. GOLDMARK: Thank you.</p> <p>18 MR. CLEMENTS: Hopefully no printing issues on</p> <p>19 this one.</p> <p>20 (Deposition Exhibit 3 was marked for</p> <p>21 identification.)</p> <p>22 Q. (BY MR. CLEMENTS:) Okay. Mr. Reasoner, you've</p>	<p>64</p> <p>1 summary of the statement of what we're -- we were in the</p> <p>2 process of doing, a statement as to the estimated</p> <p>3 internal costs that Providence would incur to replace</p> <p>4 RSS.</p> <p>5 Q. Are the statements made in this declaration</p> <p>6 true and accurate to the best of your knowledge?</p> <p>7 A. Yes.</p> <p>8 Q. All right. And if you would turn to paragraph</p> <p>9 four of the declaration. And you'll see, there, it</p> <p>10 states, "Attached hereto as Exhibit A is a true and</p> <p>11 correct summary of the estimated internal costs that</p> <p>12 Providence would likely have to incur to replace the RSS</p> <p>13 product." Do you see that?</p> <p>14 A. Yes, I do.</p> <p>15 Q. Okay.</p> <p>16 Court reporter, would you please mark that</p> <p>17 document as Reasoner Exhibit No. 4,</p> <p>18 (Deposition Exhibit 4 was marked for</p> <p>19 identification.)</p> <p>20 Q. (BY MR. CLEMENTS:) Would you take a moment to</p> <p>21 peruse that.</p> <p>22 For the record, this document is entitled RSS</p>

<p>65</p> <p>1 Replacement Application Implementation and it is Exhibit</p> <p>2 A to the Reasoner declaration that is Reasoner Exhibit</p> <p>3 No. 3.</p> <p>4 MR. GOLDMARK: Jimmy, and I -- I might add</p> <p>5 that this -- just to note for the record that this</p> <p>6 Deposition Exhibit 4, which is Exhibit A to the Reasoner</p> <p>7 declaration, has been filed under seal and I understand</p> <p>8 it was produced and marked as confidential.</p> <p>9 MR. CLEMENTS: Okay.</p> <p>10 Q. (BY MR. CLEMENTS:) Have you had a chance to</p> <p>11 look --</p> <p>12 A. I have, yes.</p> <p>13 Q. -- it over, Mr. Reasoner?</p> <p>14 A. Thank you.</p> <p>15 Q. And you've seen this document before?</p> <p>16 A. I have.</p> <p>17 Q. And is this the Exhibit A that's referenced by</p> <p>18 the statement that I just read from your declaration?</p> <p>19 A. Yes, it is.</p> <p>20 Q. And does this document accurately reflect the</p> <p>21 estimated internal costs that Providence would incur to</p> <p>22 replace the RSS product with a product from a vendor</p>	<p>67</p> <p>1 Are you finished --</p> <p>2 A. Yes.</p> <p>3 Q. -- looking at it?</p> <p>4 Okay. Have you seen this document before?</p> <p>5 A. Yes, I have.</p> <p>6 Q. And does it appear to be Exhibit B referenced</p> <p>7 by the statement I just read from your declaration?</p> <p>8 A. Yes, it does.</p> <p>9 Q. And does this document accurately reflect the</p> <p>10 estimated internal costs that Providence would incur to</p> <p>11 implement the Requisition Center application?</p> <p>12 A. It's a -- an approximate, yes -- an</p> <p>13 approximation, yes.</p> <p>14 Q. An approximation of how much it would cost</p> <p>15 Providence to implement Requisition Center?</p> <p>16 A. Correct.</p> <p>17 Q. Okay. Mr. Reasoner, can you explain to me how</p> <p>18 these two cost estimates as reflected in Exhibits A and</p> <p>19 B of your declaration, which is Reasoner Exhibits 4 and</p> <p>20 5, were prepared?</p> <p>21 A. Were prepared? Yes.</p> <p>22 I called my technical director, Dan Azevedo,</p>
<p>66</p> <p>1 other than Lawson?</p> <p>2 A. Yes.</p> <p>3 Q. Okay. Now, if we could turn back to the</p> <p>4 declaration and look at paragraph seven. And you'll</p> <p>5 see, there, it states, "Attached hereto as Exhibit B is</p> <p>6 a true and accurate summary of the estimated internal</p> <p>7 costs that Providence will likely incur during the phase</p> <p>8 of implementing the RQC product." Do you see that?</p> <p>9 A. I do.</p> <p>10 Q. Okay.</p> <p>11 Court reporter, could you please mark this</p> <p>12 document as Reasoner Exhibit No. 5.</p> <p>13 (Deposition Exhibit 5 was marked for</p> <p>14 identification.)</p> <p>15 Q. (BY MR. CLEMENTS:) And you're being handed</p> <p>16 what's been marked as Reasoner Exhibit No. 5. Again,</p> <p>17 take a moment to look at it.</p> <p>18 For the record, the document is entitled RQC</p> <p>19 Implementation. It's Exhibit B to the declaration of</p> <p>20 Kurt Reasoner that is Reasoner Exhibit No. 3 and, as</p> <p>21 with Exhibit A, it's also been filed under seal and is</p> <p>22 confidential.</p>	<p>68</p> <p>1 and asked him to pull together some estimates for our</p> <p>2 conversation on both of those two topics: One, what was</p> <p>3 it going to cost to us implement RQC; and, then, two,</p> <p>4 what would it cost us to completely replace RSS with a</p> <p>5 non-law -- non-Lawson application.</p> <p>6 Q. So, did Mr. Azevedo -- and correct me if I'm</p> <p>7 stating his name --</p> <p>8 A. That's correct.</p> <p>9 Q. -- wrong, okay. Did Mr. Azevedo prepare these</p> <p>10 estimates?</p> <p>11 A. Yes, he did.</p> <p>12 Q. Did you yourself oversee the preparation of</p> <p>13 these estimates?</p> <p>14 A. I reviewed the estimates.</p> <p>15 Q. And was it your intent, in reviewing these</p> <p>16 estimates, to ensure that they were as accurate as</p> <p>17 possible?</p> <p>18 A. Correct.</p> <p>19 Q. Do you know how much time was spent by</p> <p>20 Mr. Azevedo and any other Providence personnel in</p> <p>21 preparing these estimates?</p> <p>22 A. I don't know the specific amount of time that</p>

<p>69</p> <p>1 Dan spent. I would say he probably spent a couple</p> <p>2 hours. And I don't believe anyone else --</p> <p>3 Q. So, he spent two hours, total, between the two</p> <p>4 or two hours for each one?</p> <p>5 A. I would say probably two hours between the</p> <p>6 two.</p> <p>7 Q. And, to your knowledge, nobody else was</p> <p>8 involved in the preparation?</p> <p>9 A. That's correct.</p> <p>10 Q. And how much time did you spend reviewing the</p> <p>11 estimates?</p> <p>12 A. I probably spent 30 minutes.</p> <p>13 Q. And did anyone else at Providence review the</p> <p>14 estimates?</p> <p>15 A. No.</p> <p>16 Q. Were any assumptions made in the</p> <p>17 preparation -- Oh, sorry.</p> <p>18 A. Can I just -- So, I reviewed them for 30</p> <p>19 minutes and then Dan and I did have a conversation. So,</p> <p>20 I'm not including follow-on conversations after the</p> <p>21 preparation and review.</p> <p>22 Q. I see.</p>	<p>71</p> <p>1 total of eight months in an implementation of a</p> <p>2 completely separate requisition automated system. The</p> <p>3 benefit rate that is applied to the salary costs is</p> <p>4 33 percent. That is an internal standard percentage</p> <p>5 that we use for all of our estimates.</p> <p>6 And then Dan made estimates on the level of</p> <p>7 effort by position, and those are -- that effort is</p> <p>8 listed in the column called level of effort. So, when</p> <p>9 you see a one, those are -- those efforts are done in</p> <p>10 relation to a full-time equivalent. So, one is a</p> <p>11 full-time FTE for the duration of the time of the</p> <p>12 implementation. He has also assumed a average salary</p> <p>13 cost and applied that to each of the roles and then</p> <p>14 calculated the estimated cost.</p> <p>15 Q. Okay. So, as I understand the assumptions as</p> <p>16 you lay them out, the first one was the six-month</p> <p>17 duration followed by the two-month go-live support for a</p> <p>18 total duration of eight months, correct?</p> <p>19 A. Correct.</p> <p>20 Q. Second one was the benefit rate, which is</p> <p>21 labeled, here, as the FB rate as 0.33, correct?</p> <p>22 A. Correct.</p>
<p>70</p> <p>1 So, how many follow-on conversations did you</p> <p>2 have with Mr. Azevedo?</p> <p>3 A. I think we had two and I would characterize</p> <p>4 those as probably 30 minutes a piece. So, another hour.</p> <p>5 Q. Okay. So, one-hour conversation between you</p> <p>6 and Mr. Azevedo regarding the estimates.</p> <p>7 A. For both.</p> <p>8 Q. Plus the 30 minutes that you spent reviewing</p> <p>9 them?</p> <p>10 A. Correct.</p> <p>11 Q. Okay. So, were any assumptions made in the</p> <p>12 preparation of these estimates?</p> <p>13 A. Yes.</p> <p>14 Q. Can you tell me what those assumptions were?</p> <p>15 A. They're listed in the document. Which one</p> <p>16 would you like me to start with?</p> <p>17 Q. How about we start with Exhibit A.</p> <p>18 A. Okay.</p> <p>19 Q. And just to be clear, that's Reasoner</p> <p>20 Exhibit 4 -- excuse me -- yeah, Reasoner Exhibit 4.</p> <p>21 A. So, the listed assumptions were a six-month</p> <p>22 duration followed by a two-month go-live support for a</p>	<p>72</p> <p>1 Q. The third was the level of effort, which is</p> <p>2 the second column of the spreadsheet, correct?</p> <p>3 A. Correct.</p> <p>4 Q. And then the fourth is the estimated cost per</p> <p>5 hour; is that one of the assumptions?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. And, so, there were those four</p> <p>8 assumptions made?</p> <p>9 A. Yes.</p> <p>10 Q. And am I missing anything?</p> <p>11 A. Just a nuance to the calculation, the total</p> <p>12 hours are based on 173.33 hours per month I believe is</p> <p>13 the number. I can --</p> <p>14 Q. That's fine.</p> <p>15 A. Okay.</p> <p>16 Q. Okay. And, so, going back to the first</p> <p>17 assumption, the six-month duration,</p> <p>18 A. Um-hum.</p> <p>19 Q. Well, actually, it's a total duration of eight</p> <p>20 months. What was the basis for that assumption?</p> <p>21 A. Based on his experience as an IT professional,</p> <p>22 our experience in -- in implementing software, we're</p>

<p>73</p> <p>1 estimating that it would be a six-month implementation</p> <p>2 project to deploy a new tool.</p> <p>3 Q. Has Providence performed previous</p> <p>4 implementations that were similar in scope and</p> <p>5 complexity to this potential implementation of a</p> <p>6 replacement application for a Requisition Self-Service?</p> <p>7 A. Yes.</p> <p>8 Q. And these implementations required</p> <p>9 approximately eight months to complete?</p> <p>10 A. Different time lines for different tool sets.</p> <p>11 We estimate, for this one, that it would be about a</p> <p>12 six-month project.</p> <p>13 Q. Okay.</p> <p>14 A. Assuming fully dedicated staff in each of the</p> <p>15 regions, each of the facilities, and -- and our</p> <p>16 dedicated staff and those sorts of broad assumptions</p> <p>17 that you assume while implementing a new tool.</p> <p>18 Q. And can you estimate how many of these</p> <p>19 implementations that you've been involved with at</p> <p>20 Providence?</p> <p>21 A. In my time here. Let's see, 27 hospitals, so</p> <p>22 27 different deployments of the S3 application, 27</p>	<p>75</p> <p>1 That encompasses all of that cost to Providence on top</p> <p>2 of the actual salary rate.</p> <p>3 Q. I see.</p> <p>4 So, as I understand it, if, say, for instance,</p> <p>5 an employee made a hundred thousand dollars a year --</p> <p>6 A. Right.</p> <p>7 Q. -- the actual cost to Providence for that</p> <p>8 employee would -- based on this assumption of .33, would</p> <p>9 actually be \$300,000 per year?</p> <p>10 A. No. It would be 133,000.</p> <p>11 Q. I see.</p> <p>12 A. Yes.</p> <p>13 Q. Okay. So, it's multiply whatever the salary</p> <p>14 is by 1.33?</p> <p>15 A. Correct.</p> <p>16 Q. I see. Okay. Thanks.</p> <p>17 And just to confirm, you said that 0.33 is</p> <p>18 always the number that you use for the assumption on the</p> <p>19 benefit rate?</p> <p>20 A. Yes.</p> <p>21 Q. And what's the basis for that assumption?</p> <p>22 A. Our finance department is -- has said this is</p>
<p>74</p> <p>1 deployments of intranet tools, 27 deployments of mobile</p> <p>2 supply chain management, 27 deployments of Lawson</p> <p>3 Business Intelligence, 27 deployments of various</p> <p>4 upgrades to Exchange Server for our e-mail system, 27</p> <p>5 deployments of a Linc -- Linc is our messaging service</p> <p>6 and conferencing tool -- and probably other smaller</p> <p>7 ones, as well.</p> <p>8 Q. So, is it fair to say that you have pretty</p> <p>9 substantial experience with doing these types of</p> <p>10 implementations?</p> <p>11 A. I would -- I would think that that would be</p> <p>12 true.</p> <p>13 Q. I would agree.</p> <p>14 Okay. Well, going on to the next assumption,</p> <p>15 the FB rate, which I think you stated was the benefit</p> <p>16 rate; is that correct?</p> <p>17 A. Yes.</p> <p>18 Q. Can you explain what that means?</p> <p>19 A. So, as an employee, you're paid a salary and</p> <p>20 then Providence pays, of course, taxes, federal taxes,</p> <p>21 and then there's, also, benefits that every employee</p> <p>22 receives -- medical, dental, eye, those sorts of things.</p>	<p>76</p> <p>1 a good approximation to use when budgeting for projects.</p> <p>2 Q. And that's been proven to be a pretty accurate</p> <p>3 estimate of the benefit rate?</p> <p>4 A. It's one that they have accepted and -- and</p> <p>5 have endorsed, so that's what we use.</p> <p>6 Q. Okay. All right. So, moving on to the third</p> <p>7 assumption we discussed, which is the level of effort,</p> <p>8 column two, can you explain what the basis for that</p> <p>9 assumption was?</p> <p>10 A. Yes. So, these are professional estimates,</p> <p>11 judgements, of how much time for each role we would</p> <p>12 expect to spend on such a deployment.</p> <p>13 Q. Okay. So, maybe we should back up a moment</p> <p>14 So, under the first heading, entitled Role --</p> <p>15 you see that?</p> <p>16 A. Yes.</p> <p>17 Q. And there's a list of about 15 or 20 items</p> <p>18 underneath that. I don't know if all of those are</p> <p>19 supposed to be attributed to that heading because</p> <p>20 there's not lines on this spreadsheet --</p> <p>21 A. Yes.</p> <p>22 Q. -- because it's been printed, but at least the</p>

<p>77</p> <p>1 first several items -- project manager, lead analyst,</p> <p>2 application director -- can you explain what those line</p> <p>3 items represent?</p> <p>4 A. Sure. So, the project manager is a resource</p> <p>5 who is responsible for setting up the project, setting</p> <p>6 up the timeline, really coordinating all of the</p> <p>7 deployment activities. So, I think most people probably</p> <p>8 understand what a project manager does to some degree.</p> <p>9 That's that role. And we believe that this person would</p> <p>10 be -- in such a scenario, would be 100 percent dedicated</p> <p>11 to doing that work. So, meaning we wouldn't -- they</p> <p>12 wouldn't be doing another project at the same time.</p> <p>13 Okay.</p> <p>14 Many times, that's what happens in Providence,</p> <p>15 is a -- a person may -- a project manager may be</p> <p>16 expected to manage multiple projects. In this case,</p> <p>17 we're saying they would be singly dedicated to just</p> <p>18 this.</p> <p>19 Q. Okay.</p> <p>20 A. Then there's always a lead analyst.</p> <p>21 Typically, this is someone out of my organization. And</p> <p>22 they take the lead for helping the project manager</p>	<p>79</p> <p>1 don't know -- We -- We have no idea, here, what the tool</p> <p>2 might be -- is it a Unix-based tool, which is what our</p> <p>3 Lawson tool is, or would it be something else -- what</p> <p>4 database does it, how is -- how does it interact with</p> <p>5 our Web, those sorts of things. But this person would</p> <p>6 be working on those things, and, in this case, we</p> <p>7 estimated that that person would be -- probably</p> <p>8 50 percent of the total time would be spent -- of their</p> <p>9 time, of their available time, 50 percent would be spent</p> <p>10 on the project.</p> <p>11 Q. Okay.</p> <p>12 A. Okay.</p> <p>13 Does that answer your question or would you</p> <p>14 like me to keep going or --</p> <p>15 Q. Yeah. If you don't mind, keep going, at least</p> <p>16 until the point that you understand that -- that --</p> <p>17 whatever it is that's supposed to be included under the</p> <p>18 heading Role ends.</p> <p>19 A. Okay. Sure.</p> <p>20 So, then, also, we have additional application</p> <p>21 analysts -- in this case, two additional resources that</p> <p>22 would be full time, dedicated to the implementation</p>
<p>78</p> <p>1 develop and coordinate the overall project plan and</p> <p>2 coordinating within the team -- in this case, the Lawson</p> <p>3 team -- to coordinate the deployment.</p> <p>4 Q. Okay.</p> <p>5 A. Then there is the application director. I</p> <p>6 have two application directors. One of the application</p> <p>7 directors is responsible for procurement and finance and</p> <p>8 this is estimating her approximate level of effort. So,</p> <p>9 in this case, over a six-month period of time, I would</p> <p>10 expect her to probably spend about 40 percent of her</p> <p>11 time working specifically on this supposed project. The</p> <p>12 technical director is, in fact, Dan Azevedo, and I would</p> <p>13 expect him to spend about a quarter of his time</p> <p>14 coordinating the technical aspects of this supposed</p> <p>15 deployment.</p> <p>16 And then the application administrator is a</p> <p>17 person that works for Dan, so this is a person who is</p> <p>18 responsible for creating these various development</p> <p>19 environments, test environments, and those sorts of</p> <p>20 things, and downloading the application, making sure</p> <p>21 that it is set up right.</p> <p>22 In this case, they would be spending time -- I</p>	<p>80</p> <p>1 project, deployment project. That's that number there.</p> <p>2 And then, I do apologize, had I known, I would have</p> <p>3 maybe put lines on here for you, but -- So, the</p> <p>4 regional -- So, there's a line under there.</p> <p>5 Regional user testing, that is an estimate of</p> <p>6 20 hours for approximately 35 different users.</p> <p>7 Providence has facilities that, geographically, are from</p> <p>8 Southern California to Anchorage, Alaska, to Missoula,</p> <p>9 Montana. These people cover that wide, geographical</p> <p>10 space and support their different facilities across</p> <p>11 Providence. So, approximately 35 different testers</p> <p>12 would spend approximately 20 hours testing any such new</p> <p>13 application.</p> <p>14 Then dropping down, there is a single line</p> <p>15 here, trainer and documentation specialist. This is the</p> <p>16 person who would begin to look at the application and</p> <p>17 start to create training material and documenting the</p> <p>18 flow of any new -- of -- of this new application. And</p> <p>19 then there is, also, a -- And, so, that -- that person</p> <p>20 comes from a -- a different part of our organization.</p> <p>21 There's, also, a communications person that comes from a</p> <p>22 different part of our organization, and we're estimating</p>

<p>81</p> <p>1 192 hours of time creating communication document --</p> <p>2 communication documents that go out to -- not only our</p> <p>3 testing users, but, then, all users of this supposed</p> <p>4 tool.</p> <p>5 Okay?</p> <p>6 Q. Okay.</p> <p>7 A. Then we have -- All of our projects at</p> <p>8 Providence have a steering committee that oversee the</p> <p>9 project. So, this is listed here as governance and this</p> <p>10 is an expected approximately ten different participants</p> <p>11 from across the various facilities in that they would</p> <p>12 spend, over the course of eight months, probably 32</p> <p>13 hours. The project manager, typically, and the</p> <p>14 application director, typically, report to that steering</p> <p>15 committee and -- and really just give status on the</p> <p>16 project and -- and -- you know, they'll talk about many</p> <p>17 different things, challenges, barriers, problems, and</p> <p>18 report that to the governance committee.</p> <p>19 Q. So, the ten participants listed here would not</p> <p>20 include any of the roles that we have up above?</p> <p>21 A. No.</p> <p>22 Q. All right.</p>	<p>83</p> <p>1 really wouldn't venture a guess.</p> <p>2 Q. Okay. All right. Yeah, if you don't mind</p> <p>3 to -- to continue.</p> <p>4 A. Sure.</p> <p>5 Excuse me. Hold on one second --</p> <p>6 Q. Yeah.</p> <p>7 A. -- before I --</p> <p>8 Q. No problem.</p> <p>9 A. The coffee in our cafe can be a little strong</p> <p>10 at times.</p> <p>11 Excuse me.</p> <p>12 All right. The next item here was server</p> <p>13 engineer support. This is a technical position. This</p> <p>14 is the person who would oversee -- or be a part of the</p> <p>15 hardware acquisition -- so, the server itself -- see its</p> <p>16 installation, would set up the server based on the</p> <p>17 specifications of the application and the operating</p> <p>18 system of that server. And, again, this is a estimate</p> <p>19 of what we think they would spend. This estimate is</p> <p>20 based on that it would probably be a tool that we are</p> <p>21 somewhat familiar with, and just as you described</p> <p>22 earlier, if it was something that we were completely</p>
<p>82</p> <p>1 A. These would be -- These would be our business</p> <p>2 users that are, as we call them, out in the field</p> <p>3 trying to get supplies to surgical units so that</p> <p>4 patients are taken care of.</p> <p>5 Q. Okay.</p> <p>6 A. Then we have a DBA support. So, a database</p> <p>7 administrator -- is what DBA stands for -- would spend</p> <p>8 approximately 240 hours working on setting up the</p> <p>9 database structure of this new -- new tool. And, again,</p> <p>10 these are simply estimates of what we think might</p> <p>11 happen. We don't know what the database tool would be.</p> <p>12 so we're just kind of assuming that it would be a common</p> <p>13 one that -- that Providence typically uses.</p> <p>14 Q. Okay. So, just to follow up on that, then,</p> <p>15 that is to mean that if it were a database that</p> <p>16 Providence was unfamiliar with, then this figure on the</p> <p>17 total hours you would expect to be higher than what's</p> <p>18 listed here?</p> <p>19 A. Yes. Much higher.</p> <p>20 Q. And when you say much higher, would be twice</p> <p>21 as much or three times as much?</p> <p>22 A. It could be, yes, to both of those. I --</p>	<p>84</p> <p>1 unfamiliar with, it -- it would take a lot longer,</p> <p>2 and -- and would, in fact, be somewhat problematic</p> <p>3 because we do try to standardize our -- our various</p> <p>4 environments for all of the applications that run across</p> <p>5 Providence.</p> <p>6 Q. Okay.</p> <p>7 A. Okay.</p> <p>8 Account management -- So, this is the team</p> <p>9 within Providence that, as a new application comes in,</p> <p>10 you have to set up access, so every user of this new</p> <p>11 tool, proposed new tool, would have to be given access</p> <p>12 to it, and that's part of their account setup. So,</p> <p>13 there's a separate team that does that setup. And, so,</p> <p>14 they would have to go to those identified users of this</p> <p>15 new tool and set up their -- add that to their profile</p> <p>16 so that they would have access.</p> <p>17 Q. And the portion, here, that's in</p> <p>18 parentheses -- customizations, enhancements, interfaces,</p> <p>19 integration -- does that roll into that account</p> <p>20 management?</p> <p>21 A. No, it does not.</p> <p>22 So, the next one down is development and then</p>

<p>85</p> <p>1 the -- what -- what I believe Dan was trying to do.</p> <p>2 here, is just articulate -- So, there is a line under</p> <p>3 account management, user setup, and then development.</p> <p>4 which is, really, those three lines -- development is</p> <p>5 320 hours.</p> <p>6 Q. Yeah, I see.</p> <p>7 A. Okay. And, so, he's simply articulated what</p> <p>8 types of development activity that is. So, any</p> <p>9 customizations. So, if this new tool didn't meet its</p> <p>10 out-of-the-box delivery of functionality, didn't meet</p> <p>11 our business needs, we might have to customize part of</p> <p>12 it. If we had to somehow enhance some specific form</p> <p>13 or -- You know, we have developers that do that</p> <p>14 activity. Again, we've simply estimated 320 hours.</p> <p>15 That's a professional estimate.</p> <p>16 Q. Is that number based on any past experience?</p> <p>17 A. Dan has -- Dan Azevedo has been in information</p> <p>18 technology for probably 35 plus years, has worked at a</p> <p>19 couple of different large healthcare organizations.</p> <p>20 This is his guess. So, it is based on our experience</p> <p>21 internally, his experience more broadly.</p> <p>22 Q. Okay.</p>	<p>87</p> <p>1 13,500-dollar number.</p> <p>2 Q. Okay.</p> <p>3 A. And then, below that, are two separate lines.</p> <p>4 HW stands for hardware, SW stand for software, and, so,</p> <p>5 there is a production environment of hardware and</p> <p>6 software. This software, here, is referring to the</p> <p>7 software that runs the server, not the application</p> <p>8 software, to be clear.</p> <p>9 So, one of the things that this does not show</p> <p>10 is I have no idea what the cost of this other</p> <p>11 application would be and it's not listed. We were just</p> <p>12 simply trying to come up with an estimate of what would</p> <p>13 the implementation be.</p> <p>14 Q. And if I understand this correctly, does this</p> <p>15 mean that you could not use servers that Providence</p> <p>16 already has in place to run this -- this additional</p> <p>17 application?</p> <p>18 A. No. We -- A new application would require new</p> <p>19 servers.</p> <p>20 Q. And is that an issue of compatibility or</p> <p>21 capacity or --</p> <p>22 A. Capacity. We don't have excess capacities</p>
<p>86</p> <p>1 A. Okay.</p> <p>2 Then we have training and technical support.</p> <p>3 This -- I apologize. This gets a little bit confusing.</p> <p>4 I admit.</p> <p>5 So, training and technical support, you have</p> <p>6 \$9,000 over there. They're saying -- What we're trying</p> <p>7 to articulate, here, is there are two specialists that</p> <p>8 would go to some sort of training that would be provided</p> <p>9 by the -- by the deliverer of the application and</p> <p>10 they're estimating two people at \$2,500 for the training</p> <p>11 class, so that's 5,000, plus an estimated 2,000 in</p> <p>12 travel and lodging and those sorts of things, which is</p> <p>13 how you come up with the 9,000.</p> <p>14 Q. So, the two people that get sent are internal</p> <p>15 Providence personnel that would then become Providence's</p> <p>16 technical support to its employees?</p> <p>17 A. Yes.</p> <p>18 Q. Okay.</p> <p>19 A. Yes.</p> <p>20 Then on to the next page, you see training and</p> <p>21 application analyst. So, three analysts that would</p> <p>22 attend training and travel. And, so, you get to the</p>	<p>88</p> <p>1 readily available.</p> <p>2 Q. I see.</p> <p>3 But -- Let's say, for instance, you remove the</p> <p>4 Requisition Self-Service application. Would that open</p> <p>5 up capacity that could then be used for this other</p> <p>6 application?</p> <p>7 A. I don't believe so, because Requisition</p> <p>8 Self-Service sits on a server that supports all of RSS,</p> <p>9 and I'm quite confident that we would have to have a</p> <p>10 separate server -- I don't believe that we would be able</p> <p>11 to put that in -- It would not be our desire to put that</p> <p>12 in and I don't think, technically, that would be</p> <p>13 advisable.</p> <p>14 Q. Okay. So, then, you would have to obtain --</p> <p>15 A. Hardware and software.</p> <p>16 Q. And, I'm sorry, maybe I didn't understand</p> <p>17 this, but the difference between the server for</p> <p>18 production and the server for development? What is that</p> <p>19 difference?</p> <p>20 A. So, servers specifically focused on production</p> <p>21 support -- on the production environment of users using</p> <p>22 it in the production environment. So, they're using it</p>

<p>89</p> <p>1 live. That is separate, always, from our development</p> <p>2 environments that might include development of perhaps</p> <p>3 enhancements or those sorts of things or even testing or</p> <p>4 training. Those are other development environments</p> <p>5 and -- and sub-environments, if you will.</p> <p>6 Q. Okay. And, I'm sorry, to go back to this line</p> <p>7 of the training, that application analyst.</p> <p>8 A. Yes.</p> <p>9 Q. Could you explain what the purpose of the</p> <p>10 application analyst is?</p> <p>11 A. The application analyst is similar to -- and I</p> <p>12 would say -- So, we have three. This does relate up</p> <p>13 above where there's a lead analyst and two application</p> <p>14 analysts. This is their training and travel.</p> <p>15 Thank you.</p> <p>16 Q. I see.</p> <p>17 Okay.</p> <p>18 So, now, going to the total hours column.</p> <p>19 A. Yes.</p> <p>20 Q. I think we already discussed sort of where are</p> <p>21 those assumptions for the level of effort required for</p> <p>22 the roles -- the six roles at the top, correct?</p>	<p>91</p> <p>1 So, in the case of the project manager, that</p> <p>2 is an internal -- We have a project management office.</p> <p>3 That is approximately what we pay for any project</p> <p>4 manager that is assigned to a project. So, they will</p> <p>5 charge their time to a project, and it's -- it's</p> <p>6 generally around \$60 an hour. For some people, it might</p> <p>7 be a little bit more; for others, it might be a little</p> <p>8 bit less. We don't know who the project manager would</p> <p>9 be, so we're just going with an average.</p> <p>10 Q. I see.</p> <p>11 So, going back to what you said earlier, it</p> <p>12 sounds like you've done probably hundreds of these</p> <p>13 implementations?</p> <p>14 A. Um-hum.</p> <p>15 Q. And is it always the same team that's listed</p> <p>16 here under the -- the role heading that gets put</p> <p>17 together for these implementations?</p> <p>18 A. The same roles, yes. Typically the same</p> <p>19 roles. There may be a few others depending on what it</p> <p>20 is, but you're always going to have a project manager.</p> <p>21 In the case of ERP, we'll always have a lead analyst</p> <p>22 that's kind of the lead. This is the -- This is the top</p>
<p>90</p> <p>1 A. Yes.</p> <p>2 Q. But, below that, where there's no level of</p> <p>3 effort included in this spreadsheet, can you explain</p> <p>4 what the basis of the assumption was for the total hours</p> <p>5 required for these other tasks?</p> <p>6 A. Again, as I was talking about some of these</p> <p>7 others down here, they are our -- It's just our</p> <p>8 professional estimate at how many hours would be spent.</p> <p>9 In the case of the regional user testing, he showed</p> <p>10 where he came up with 70 -- 700 hours. It's 20 hours</p> <p>11 for the -- times 35 people.</p> <p>12 Q. So, would this be based on your experience,</p> <p>13 for instance, of how much time was required on regional</p> <p>14 user testing for other implementations that Providence</p> <p>15 has done?</p> <p>16 A. Yes.</p> <p>17 Q. Okay. And then, to go on to the fourth</p> <p>18 column, estimated costs per hour --</p> <p>19 A. Yes.</p> <p>20 Q. -- would you explain what the basis for that</p> <p>21 assumption was?</p> <p>22 A. Yes.</p>	<p>92</p> <p>1 person that's really overseeing the deployment. We'll</p> <p>2 always have an application director, the technical</p> <p>3 director will always be involved. You'll always have an</p> <p>4 application administrator. We'll always -- Depending on</p> <p>5 the size and complexity, we'll have additional</p> <p>6 application analysts involved and -- and you will always</p> <p>7 have regional user -- regional testers, you'll always</p> <p>8 have training specialists, you'll always have someone</p> <p>9 from communications, you will always have someone in</p> <p>10 some sort of steering committee capacity, you will</p> <p>11 always have a DBA, you'll always have a server engineer,</p> <p>12 regardless of whether or not you're using a preexisting</p> <p>13 system or something new in terms of hardware.</p> <p>14 So, these are roles. These are activities</p> <p>15 that are always going to happen: Account management,</p> <p>16 developers, training, and so on down the line.</p> <p>17 Q. And, so, for the -- for these different roles</p> <p>18 that -- that are included on this implementation --</p> <p>19 let's take the project manager, for instance -- so, is</p> <p>20 it true that Providence has a certain number of</p> <p>21 employees that are qualified to serve as a project</p> <p>22 manager on these implementations?</p>

<p>93</p> <p>1 A. Yes. We have a project management office that</p> <p>2 has a number of project managers</p> <p>3 Q. Okay. And then, as I understand your</p> <p>4 explain -- explanation for the estimated cost per hour</p> <p>5 the \$60 per hour that's estimated is sort of an average</p> <p>6 of what would be charged by all these different project</p> <p>7 managers if they were to take the lead on this</p> <p>8 implementation?</p> <p>9 A. Yes. And that also assumes that there is a</p> <p>10 project manager internal to Providence that is</p> <p>11 available. If not, that \$60 an hour goes up</p> <p>12 substantially and can be upwards of 190 to 250 dollars</p> <p>13 an hour, if I have to go external</p> <p>14 Q. So, this is roughly three to four times the</p> <p>15 rate that you would be charged to use internal --</p> <p>16 A. Yes.</p> <p>17 Q. -- Providence personnel?</p> <p>18 A. Yes.</p> <p>19 Q. And would that same factor of three to four</p> <p>20 times apply to all the roles listed here?</p> <p>21 A. I would say probably so. I don't know that it</p> <p>22 would -- It would not apply to the application director</p>	<p>95</p> <p>1 For each of these?</p> <p>2 A. Correct.</p> <p>3 Q. Okay. So, does that also apply even beyond</p> <p>4 the roles, but to each of the line items on the</p> <p>5 spreadsheet?</p> <p>6 A. Yes. It does.</p> <p>7 With the exception of the training costs down</p> <p>8 at the bottom and the training of the application</p> <p>9 analysts, those are training and travel costs. So, the</p> <p>10 FB rate doesn't apply to that.</p> <p>11 Q. Okay.</p> <p>12 A. Or -- Or the hardware -- Or the production and</p> <p>13 development environment, those -- those are separate,</p> <p>14 obviously.</p> <p>15 Q. Right. That's what I was going to ask. Okay.</p> <p>16 And then, at the bottom of the spreadsheet,</p> <p>17 there's a figure listed there, \$857,504. You see that?</p> <p>18 A. I do.</p> <p>19 Q. And, so, that is the total cost that's</p> <p>20 estimated to perform this implementation?</p> <p>21 A. To perform the implementation, yes.</p> <p>22 Q. So, this \$857,504 is the total cost estimated</p>
<p>94</p> <p>1 or the technical director, because we wouldn't outsource</p> <p>2 that role.</p> <p>3 Q. Okay.</p> <p>4 A. I mean, those are management roles.</p> <p>5 The others, we have, from time to time, had to</p> <p>6 purchase external to Providence.</p> <p>7 Q. Okay. And for the others, it would -- for the</p> <p>8 remaining roles which would be project manager, lead</p> <p>9 analyst, application administrator, application analyst,</p> <p>10 if Providence were to have to contract an outside person</p> <p>11 to do one of those roles, it would be three to four</p> <p>12 times what's listed as the costs per hour here?</p> <p>13 A. Absolutely.</p> <p>14 Q. Okay. And just to make sure I understand the</p> <p>15 spreadsheet correctly, the column for estimated total,</p> <p>16 which is the fifth header --</p> <p>17 A. Yes.</p> <p>18 Q. -- in the spreadsheet, so, was that column</p> <p>19 obtained by multiplying figures in column three and</p> <p>20 four?</p> <p>21 A. Times the FB rate.</p> <p>22 Q. Times the FB rate. I see.</p>	<p>96</p> <p>1 by Providence for replacing the Requisition Self-Service</p> <p>2 application with software from a vendor other than</p> <p>3 Lawson, correct?</p> <p>4 A. That's correct.</p> <p>5 Q. Okay. If we could, could we turn back to</p> <p>6 paragraph four of Reasoner Exhibit 3, your declaration.</p> <p>7 And if you look at the second sentence, paragraph four,</p> <p>8 it states, "This does not take into consideration of</p> <p>9 licensing and services cost of a third-party vendor."</p> <p>10 Do you see that?</p> <p>11 A. I do.</p> <p>12 Q. Okay. So, the estimated cost in replacing the</p> <p>13 Requisition Self-Service application, as reflected in</p> <p>14 Exhibit A, does not include any licensing and services</p> <p>15 costs associated with that software; is that correct?</p> <p>16 A. That's correct.</p> <p>17 Q. And would you expect Providence to incur both</p> <p>18 licensing and service fees from a third-party vendor if</p> <p>19 they were to replace the Requisition Self-Service</p> <p>20 application with software from that vendor?</p> <p>21 A. Absolutely.</p> <p>22 Q. Do you have an idea of how much the license</p>

<p>97</p> <p>1 fee would be for replacement application with similar</p> <p>2 performance and capability as Requisition Self-Service?</p> <p>3 A. I -- I don't. I don't.</p> <p>4 Q. Do you know how much -- Let me back up for a</p> <p>5 moment.</p> <p>6 You stated before that there is a license fee</p> <p>7 that Providence paid for the S3 Procurement suite; is</p> <p>8 that correct?</p> <p>9 A. That's correct.</p> <p>10 Q. Is there an amount of that license fee that's</p> <p>11 allocated to the Requisition Self-Service application?</p> <p>12 A. Yes.</p> <p>13 Q. Do you know what that amount is?</p> <p>14 A. I don't.</p> <p>15 Q. Do you know, as a percentage, what it would</p> <p>16 be?</p> <p>17 A. I don't.</p> <p>18 Q. You have an estimate?</p> <p>19 A. I really don't.</p> <p>20 The original license agreement with Lawson was</p> <p>21 done, one, before I started, but it was done in 1999.</p> <p>22 So, it's rather dated. I would have to go back and</p>	<p>99</p> <p>1 similar performance and capability as Requisition</p> <p>2 Self-Service?</p> <p>3 A. I don't.</p> <p>4 Q. Okay. So, going back to -- to what we</p> <p>5 discussed about the license fee, is there a certain</p> <p>6 amount of that maintenance fee that's allocated to</p> <p>7 service of the Requisition Self-Service application?</p> <p>8 A. I'm sorry, could you say that again.</p> <p>9 Q. Well, you -- you originally stated that there</p> <p>10 was a certain portion of the license fee for S3</p> <p>11 Procurement that was allocated to Requisition</p> <p>12 Self-Service, correct?</p> <p>13 A. That's correct.</p> <p>14 Q. So, similarly, is there a portion of the</p> <p>15 maintenance fee that's allocated to the Requisition</p> <p>16 Self-Service --</p> <p>17 A. Yes.</p> <p>18 Q. -- application?</p> <p>19 A. Yes.</p> <p>20 Q. Do you know what that amount is?</p> <p>21 A. I don't. Off the top of my head, I don't.</p> <p>22 Q. Do you have an estimate?</p>
<p>98</p> <p>1 refer to our contract to answer that question, and I</p> <p>2 didn't think that was part of this, so --</p> <p>3 Q. Okay. Well, do you know how much the original</p> <p>4 license fee that Providence paid for the S3 Procurement</p> <p>5 suite was?</p> <p>6 A. Again, I -- I don't, because I didn't think it</p> <p>7 was part of this request, so I didn't go back to review</p> <p>8 that.</p> <p>9 Q. Okay. And, so, you don't have any idea how</p> <p>10 much it would cost for license fee for an application</p> <p>11 like this?</p> <p>12 A. I -- I -- It would -- I don't. I wouldn't</p> <p>13 venture a guess under this circumstance, so --</p> <p>14 Q. Okay. We talked before about an annual</p> <p>15 maintenance fee that Providence pays for the S3</p> <p>16 Procurement suite -- or, excuse me, let me start over.</p> <p>17 We talked about an annual maintenance fee that</p> <p>18 Providence pays for the entire set of applications that</p> <p>19 it licenses from Lawson, correct?</p> <p>20 A. That's correct.</p> <p>21 Q. Okay. Do you know how much you would expect</p> <p>22 the annual service fee to be for an application with</p>	<p>100</p> <p>1 A. I don't.</p> <p>2 Q. Do you know how much the total maintenance fee</p> <p>3 is that --</p> <p>4 A. Yes, I do.</p> <p>5 Q. What is that?</p> <p>6 A. That's just over a million dollars a year.</p> <p>7 Q. So, just to be clear, then, Providence pays</p> <p>8 approximately one million per year for maintenance on</p> <p>9 all the Lawson applications that it licenses?</p> <p>10 A. Correct.</p> <p>11 Q. Do you have an idea of what percentage of that</p> <p>12 million dollars per year would be allocated to</p> <p>13 Requisition Self-Service?</p> <p>14 A. No, I don't.</p> <p>15 MR. GOLDMARK: Asked and answered.</p> <p>16 Q. (BY MR. CLEMENTS:) Do you have an estimate of</p> <p>17 how many applications -- excuse me. Let me back up.</p> <p>18 Do you have an estimate of how many total</p> <p>19 applications Providence licenses from Lawson?</p> <p>20 A. Again, I'm really sorry, but I did not think</p> <p>21 that this was part of this, so I didn't review or</p> <p>22 prepare for that.</p>

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<p>101</p> <p>1 Q. Okay.</p> <p>2 A. So, I can't answer it. It's a complex</p> <p>3 contract --</p> <p>4 Q. Yes.</p> <p>5 A. -- and there are a number of line items that</p> <p>6 go into that maintenance payment, so I can't -- and I</p> <p>7 would -- I would be ill-advised to guess. I don't know.</p> <p>8 Q. But aside from putting the monetary amount</p> <p>9 aside, do you have an idea of how many applications,</p> <p>10 Lawson applications, that Providence has licensed?</p> <p>11 A. Yes, I do. If I had the paper in front of me,</p> <p>12 I could -- I could answer the question. I don't. I</p> <p>13 didn't prepare for that.</p> <p>14 Q. Okay. But regardless of the price -- excuse</p> <p>15 me. Let me start over.</p> <p>16 Regardless of the precise amount of the</p> <p>17 license and maintenance fees that would be associated</p> <p>18 with the software application to replace Requisition</p> <p>19 Self-Service, these fees would add some additional cost</p> <p>20 to the amount that was estimated in Exhibit A as the</p> <p>21 costs required to replace Requisition Self-Service with</p> <p>22 a third-party application; is that correct?</p>	<p>103</p> <p>1 application analyst, and the other employees who are</p> <p>2 required to stop other projects to take on the</p> <p>3 responsibilities to implement a new procurement</p> <p>4 product."</p> <p>5 You see that?</p> <p>6 A. I do.</p> <p>7 Q. So, in addition to not including any licensing</p> <p>8 and service fees as we discussed, estimated cost as</p> <p>9 shown in Exhibit A of your declaration wouldn't include</p> <p>10 the opportunity cost incurred by Providence from</p> <p>11 requiring its personnel to stop other projects and work</p> <p>12 on the implementation; is that correct?</p> <p>13 A. That is correct.</p> <p>14 Q. And do you have any estimate of what these</p> <p>15 opportunity costs would amount to?</p> <p>16 A. Again, it was my understanding before this</p> <p>17 session that that was not going to be covered as part of</p> <p>18 this deposition. I don't have an estimate.</p> <p>19 Q. Do you have an idea of who the other employees</p> <p>20 referenced in this statement here would refer to?</p> <p>21 A. Yes. They are the employees -- They're the</p> <p>22 various employees that make up those roles that we just</p>
<p>102</p> <p>1 MR. GOLDMARK: Object to form. Vague,</p> <p>2 compound question.</p> <p>3 THE WITNESS: I -- I need you to be a little</p> <p>4 more specific for me, because you're combining a number</p> <p>5 of things. So, I'm trying to understand what --</p> <p>6 Q. (BY MR. CLEMENTS:) Yeah, let me see if I can</p> <p>7 rephrase.</p> <p>8 A. If your question -- Earlier, you asked my</p> <p>9 estimate, did it include license and ongoing support,</p> <p>10 and I said, no, it does not. If that's your question,</p> <p>11 that is my answer.</p> <p>12 Q. So, yeah, just to follow up to that question,</p> <p>13 the license and service fees from this third-party</p> <p>14 vendor would be some additional amount that would be</p> <p>15 added onto the estimate of \$857,504 in Exhibit A?</p> <p>16 A. That is correct.</p> <p>17 Q. Okay. Okay. Can we look at paragraph five of</p> <p>18 Reasoner Exhibit 3. It's your declaration. And, there,</p> <p>19 it states, "Exhibit A also does not take into</p> <p>20 consideration the opportunity costs related to the</p> <p>21 project manager, lead analyst, application director,</p> <p>22 technical director, application administrator,</p>	<p>104</p> <p>1 discussed in Exhibit B.</p> <p>2 Q. Okay. So, your -- your statement, here,</p> <p>3 references project manager, lead analyst, application</p> <p>4 director, et cetera, right?</p> <p>5 A. Yes.</p> <p>6 Q. Then, at the end, it says, "and the other</p> <p>7 employees."</p> <p>8 A. Yes.</p> <p>9 Q. So, were there additional employees in</p> <p>10 addition to these roles that are listed here in your</p> <p>11 statement?</p> <p>12 A. Yes.</p> <p>13 Q. And were those --</p> <p>14 A. And those are the other roles that I list in</p> <p>15 the exhibit. So, the -- the DBA, the server engineer,</p> <p>16 the various people who make up the testing team. All of</p> <p>17 those roles -- the communication person.</p> <p>18 Q. Okay. So, I think I understand now.</p> <p>19 A. Yeah.</p> <p>20 Q. And can you estimate the total number of</p> <p>21 employees, then, that would be required to work on the</p> <p>22 implementation?</p>

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<p>105</p> <p>1 A. I can't, because I don't know what specific</p> <p>2 tool we're deploying. So, again, we made estimates on</p> <p>3 hours with not clearly understanding what the</p> <p>4 application is or its complexity.</p> <p>5 Q. But based on this estimate -- Let me back up</p> <p>6 for a moment.</p> <p>7 Would the number of employees required be at</p> <p>8 least the number that are set forth in Exhibit A of your</p> <p>9 declaration?</p> <p>10 A. Yes. And you could also derive the number</p> <p>11 based on the hours. It's -- It's the -- The key element</p> <p>12 in that is the estimated hours.</p> <p>13 Q. Okay.</p> <p>14 Now, I guess I'm a little confused, here,</p> <p>15 because, as I understand your explanation in going back</p> <p>16 to Reasoner Exhibit 4, which is Exhibit A to your</p> <p>17 declaration, these were the costs that you expect to be</p> <p>18 charged by internal Providence personnel to this</p> <p>19 implementation project, correct?</p> <p>20 A. You're using the term charged. That's only</p> <p>21 true in the case of the project manager. The others are</p> <p>22 staff that are assigned. So, those are their costs to</p>	<p>107</p> <p>1 costs would be. So, for example, the project manager,</p> <p>2 were -- we typically -- all of our project managers are</p> <p>3 a hundred percent busy a hundred percent of the time.</p> <p>4 So, what project would that project manager be working</p> <p>5 on if they weren't forced to work on this? This is a --</p> <p>6 If we had to replace and go out and buy a new</p> <p>7 self-service-type tool for bringing supplies to the</p> <p>8 necessary places within Providence hospitals, that</p> <p>9 project manager would be doing a different project. And</p> <p>10 that project would add value. I don't know what that</p> <p>11 project is or would be. It would be something. And --</p> <p>12 And, therefore, that's the missed opportunity.</p> <p>13 So, it could be Providence -- If we had to do</p> <p>14 this, we'd have to hire an outside project manager to do</p> <p>15 this other project, whatever that project is, at two to</p> <p>16 three hundred dollars an hour. So, in that case, the</p> <p>17 opportunity costs would be -- let's say it's 300 --</p> <p>18 would be \$240 an hour for the duration of this other</p> <p>19 project, whatever it is.</p> <p>20 Q. Right. That makes sense, the difference</p> <p>21 between --</p> <p>22 A. Right.</p>
<p>106</p> <p>1 Providence. My time, sitting here, is a cost to</p> <p>2 Providence, right.</p> <p>3 Q. Right.</p> <p>4 A. So, same thing is true of all -- all of the</p> <p>5 people listed there. They are costs to Providence and</p> <p>6 Providence has prioritized what they're doing -- and, in</p> <p>7 this case, an implementation of a new self-service-type</p> <p>8 procurement tool. And, so, we've simply estimated who</p> <p>9 would be involved in that implementation and what do</p> <p>10 they cost Providence and how much time would they spend.</p> <p>11 Q. So, you -- This estimate, here, is accounting</p> <p>12 for the value of time that the Providence personnel</p> <p>13 would have to devote to the implementation project,</p> <p>14 right?</p> <p>15 A. That's right.</p> <p>16 Q. And what I don't understand is how that</p> <p>17 differs from the opportunity cost that you're referring</p> <p>18 to in paragraph five. Why --</p> <p>19 A. Sure.</p> <p>20 Q. -- do these numbers not reflect that</p> <p>21 opportunity cost?</p> <p>22 A. Because I don't know what the opportunity</p>	<p>108</p> <p>1 Q. -- what this value is of this role --</p> <p>2 A. Right.</p> <p>3 Q. -- in this implementation --</p> <p>4 A. Right.</p> <p>5 Q. -- versus what you'd have to pay to replace</p> <p>6 that person on the other project.</p> <p>7 A. Right.</p> <p>8 Q. Okay. I follow you.</p> <p>9 And, again, regardless of the precise amount</p> <p>10 of the opportunity costs, which I understand you can't</p> <p>11 estimate, to Providence employees or to Providence, I</p> <p>12 should say, associated with implementing this</p> <p>13 replacement application, these opportunity costs would</p> <p>14 be in addition to the \$857,504 that's estimated here in</p> <p>15 your Exhibit A to your declaration?</p> <p>16 A. Yes, they would be.</p> <p>17 Q. Okay.</p> <p>18 What are we up to now, six?</p> <p>19 THE REPORTER: Yes.</p> <p>20 MR. CLEMENTS: Okay. Court reporter, could</p> <p>21 you please mark this document as Reasoner Exhibit No. 6.</p> <p>22 (Deposition Exhibit 6 was marked for</p>

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<p>109</p> <p>1 identification.)</p> <p>2 MR. GOLDMARK: Thanks.</p> <p>3 Q. (BY MR. CLEMENTS:) Mr. Reasoner, the court</p> <p>4 reporter is handing you what has been marked as Reasoner</p> <p>5 Exhibit No. 6. Please take a moment to look it over.</p> <p>6 A. Yes.</p> <p>7 Q. Let's see, here.</p> <p>8 For the record, this document, an e-mail from</p> <p>9 Kurt Reasoner to Keith Lohkamp, dated September 15th,</p> <p>10 2011. It's bearing Bates number PROV004 through</p> <p>11 PROV007.</p> <p>12 You guys have all the pages this time?</p> <p>13 MR. GOLDMARK: We do, thanks.</p> <p>14 THE WITNESS: Yep.</p> <p>15 Q. (BY MR. CLEMENTS:) Okay. Mr. Reasoner, do you</p> <p>16 recognize this document?</p> <p>17 A. I do.</p> <p>18 Q. And does it appear to be an e-mail from you to</p> <p>19 Keith Lohkamp on September 15th, 2011?</p> <p>20 A. Yes, it is.</p> <p>21 Q. And did you author this e-mail?</p> <p>22 A. I did.</p>	<p>111</p> <p>1 bottom of the page is \$857,504, which is the same figure</p> <p>2 we saw on Reasoner Exhibit No. 4?</p> <p>3 A. Yes, it is.</p> <p>4 Q. Okay. All right. Could we turn back to the</p> <p>5 first page of the e-mail.</p> <p>6 A. Yes.</p> <p>7 Q. And if you look about halfway down the</p> <p>8 e-mail -- this is the top e-mail from you to</p> <p>9 Mr. Lohkamp -- it states, "I think the cost would</p> <p>10 actually be much higher than depicted here. Costs used</p> <p>11 are Providence internal cost. I would say if we had to</p> <p>12 deploy a brand new solution, we would be using vendor</p> <p>13 expertise and, as such, the costs would be much higher."</p> <p>14 You see that?</p> <p>15 A. I do.</p> <p>16 Q. And, so, do you believe the costs for</p> <p>17 replacing Requisition Self-Service with an application</p> <p>18 from another vendor would be much higher than \$857,000?</p> <p>19 A. That is what I said here, yes.</p> <p>20 Q. And do you believe that to be true?</p> <p>21 A. I do.</p> <p>22 Q. And is your belief based on the expectation</p>
<p>110</p> <p>1 Q. Does this e-mail appear to include an</p> <p>2 attachment entitled RSS Reimplementation.xlsx?</p> <p>3 A. Yes.</p> <p>4 Q. And if you turn to the next page, Bates number</p> <p>5 PROV006.</p> <p>6 A. Yes.</p> <p>7 Q. Does this appear to be the attachments that's</p> <p>8 referenced in the header of the e-mail?</p> <p>9 A. Yes.</p> <p>10 Q. Does this attachment appear to be the same</p> <p>11 cost estimate for the replacement of Requisition</p> <p>12 Self-Service that was attached to your declaration as</p> <p>13 Exhibit A?</p> <p>14 A. I believe this was -- Was this not Exhibit B?</p> <p>15 Was -- Am I confused?</p> <p>16 Q. I think you may be confused.</p> <p>17 A. Oh, yes, yes, you're correct. It is Exhibit</p> <p>18 A, the replacement of RSS with a different vendor</p> <p>19 solution.</p> <p>20 Q. Okay. And this is the same estimate?</p> <p>21 A. Yes, it is.</p> <p>22 Q. And, to confirm, the estimated total at the</p>	<p>112</p> <p>1 that the hourly rates for an outside vendor would be</p> <p>2 much higher than those reflected on the attached</p> <p>3 estimate?</p> <p>4 A. Yes, which are -- are internal costs, yes.</p> <p>5 Q. And as we discussed before, that would be</p> <p>6 roughly three to four times the estimated cost per hour</p> <p>7 that's reflected --</p> <p>8 A. Yes.</p> <p>9 Q. -- on the estimate?</p> <p>10 A. Yes.</p> <p>11 Q. And can you tell me what your -- Excuse me,</p> <p>12 Let me just back up for a moment.</p> <p>13 So, if we wanted to estimate what a revised</p> <p>14 figure would be for this implementation based on using a</p> <p>15 third-party vendor's personnel, would it be a matter of</p> <p>16 revising the estimated costs per hour numbers to reflect</p> <p>17 three to four times more than what is shown here and</p> <p>18 then adding the resulting numbers?</p> <p>19 A. In part, yes.</p> <p>20 Q. Is there anything else that would be needed?</p> <p>21 A. It would be nice to know what the application</p> <p>22 is and its complexity to really come up with a solid</p>

<p>113</p> <p>1 estimate of -- of the level of effort. So, I'm simply,</p> <p>2 in that Exhibit A, estimating, uninformed of what is the</p> <p>3 apple -- actual application, uninformed of its required</p> <p>4 effort. So, when I say six to eight months' deployment,</p> <p>5 I'm uninformed of its actual required level of effort.</p> <p>6 Q. Does this estimate that you provided reflect a</p> <p>7 conservative level of effort?</p> <p>8 A. I would say yes.</p> <p>9 Q. So, it's your expectation, if anything, that</p> <p>10 the complexity would be more than what's reflected on</p> <p>11 this estimate?</p> <p>12 A. Most likely, yes.</p> <p>13 Q. And, as I understand your e-mail, do you</p> <p>14 believe that Providence would be required to use a</p> <p>15 third-party vendor's personnel to perform the</p> <p>16 implementation?</p> <p>17 A. They would have to be involved because it</p> <p>18 would be something that we would know nothing about.</p> <p>19 Q. And would those third-party vendor personnel</p> <p>20 take each of the roles that's actually listed here in</p> <p>21 this estimate as we discussed with the exception of -- I</p> <p>22 think it was the application director and technical</p>	<p>115</p> <p>1 depicted in my estimate, so they may be part time,</p> <p>2 primarily help that vendor project manager navigate the</p> <p>3 complexities of Providence.</p> <p>4 So, it would be in addition to, at least, and</p> <p>5 in some ways -- It would be in addition to, really,</p> <p>6 probably most of the time.</p> <p>7 Q. Okay. So, you would have each of the roles</p> <p>8 listed here filled by Providence personnel, and then, in</p> <p>9 addition to that, you would have third-party vendors</p> <p>10 personnel filling at least some of these roles?</p> <p>11 A. Right.</p> <p>12 Q. I see. Okay.</p> <p>13 And as we discussed before, the amount that</p> <p>14 would be required for these third-party personnel would</p> <p>15 be additional costs above the \$857,000 that's reflected</p> <p>16 on this estimate?</p> <p>17 A. Yes.</p> <p>18 MR. CLEMENTS: Court reporter, could you</p> <p>19 please -- excuse me. Court reporter, could you please</p> <p>20 mark this document as Reasoner Exhibit No. 7.</p> <p>21 John.</p> <p>22 MR. GOLDMARK: Thank you.</p>
<p>114</p> <p>1 director?</p> <p>2 A. Can you -- What was the first part of the</p> <p>3 question, again?</p> <p>4 Q. So, understanding that Providence would need</p> <p>5 the third-party vendor's personnel to perform the</p> <p>6 implementation --</p> <p>7 A. Um-hum.</p> <p>8 Q. -- would they assume each of the roles that's</p> <p>9 listed in this estimate, with the exception of the</p> <p>10 application director and technical director?</p> <p>11 A. They wouldn't necessarily assume a one-to-one</p> <p>12 relationship of those roles, because, in some cases, as</p> <p>13 with the application analysts, I would want them to be</p> <p>14 on the project, so they would still be there, because I</p> <p>15 need them to learn and know the application so that we</p> <p>16 can support it ongoing. So, in this case, it would be a</p> <p>17 duplication.</p> <p>18 In -- In the case of the project manager, it</p> <p>19 could be a scenario. We -- We've had some scenarios</p> <p>20 where there is a project manager from the vendor and our</p> <p>21 internal project manager. They might -- Our internal</p> <p>22 project manager might not be 100 percent dedicated as is</p>	<p>116</p> <p>1 (Deposition Exhibit 7 was marked for</p> <p>2 identification.)</p> <p>3 Q. (BY MR. CLEMENTS:) Mr. Reasoner, the court</p> <p>4 reporter has just handed you what has been marked as</p> <p>5 Reasoner Exhibit No. 7. Can you please take a moment to</p> <p>6 look at it. For the record, this is an e-mail from Dan</p> <p>7 Azevedo to Kurt Reasoner and Keith Lohkamp, bearing</p> <p>8 Bates number PROV008, PROV009.</p> <p>9 A. Yes.</p> <p>10 Q. You recognize this document?</p> <p>11 A. I do.</p> <p>12 Q. Does it appear to be an e-mail from</p> <p>13 Mr. Azevedo to you and Keith Lohkamp, dated</p> <p>14 September 16th, 2011?</p> <p>15 A. Yes, it does.</p> <p>16 Q. And does this e-mail appear to be in response</p> <p>17 to the e-mail from you that we just looked at?</p> <p>18 A. Yes.</p> <p>19 Q. Okay. If you look at the first e-mail from</p> <p>20 Mr. Azevedo, it states, "One other cost that I did not</p> <p>21 include was the staff training time associated with such</p> <p>22 a system." And I'm going to skip the next sentence.</p>

<p>117</p> <p>1 And then it goes on, "PH&S has estimated 600 plus users</p> <p>2 for requisition ordering today, so that would add 6,000</p> <p>3 of training with an average cost of 30 per hour, and</p> <p>4 that adds \$180,000 to the estimate." You see that?</p> <p>5 A. Yes, I do.</p> <p>6 Q. And did you understand Mr. Azevedo's</p> <p>7 statements to mean that the staff training time</p> <p>8 referenced here was not reflected in the cost estimate</p> <p>9 that you had provided to Mr. Lohkamp in your previous</p> <p>10 e-mail?</p> <p>11 A. Yes.</p> <p>12 Q. And do you agree with Mr. Azevedo's estimate</p> <p>13 that this training would add another \$180,000 to the</p> <p>14 total cost of replacing Requisition Self-Service?</p> <p>15 A. Yes. It's an approximate, yes.</p> <p>16 Q. And if we go back to Reasoner Exhibit No. 4,</p> <p>17 again. Can you just explain to me how this staff</p> <p>18 training differs from the training line items that are</p> <p>19 listed on this estimate?</p> <p>20 A. Yes.</p> <p>21 So, this training, here, is the technical</p> <p>22 support training --</p>	<p>119</p> <p>1 Q. And, here, the first assumption is a</p> <p>2 four-month duration followed by one-month go-live</p> <p>3 support, correct?</p> <p>4 A. That's correct.</p> <p>5 Q. What was the basis for this assumption?</p> <p>6 A. The basis of this assumption was based on how</p> <p>7 the project was going at the time that we put this</p> <p>8 together.</p> <p>9 Q. And how far along were you in the</p> <p>10 implementation when this estimate was determined?</p> <p>11 A. Well, this estimate was done in September, so</p> <p>12 we were -- we were pretty far long.</p> <p>13 Q. So, based on the progress of the actual RQC</p> <p>14 implementation at the time that Mr. Azevedo put together</p> <p>15 this estimate, then you believe that this estimate</p> <p>16 fairly reflects the cost of doing that implementation?</p> <p>17 A. Yes.</p> <p>18 Q. Did the actual implementation take five</p> <p>19 months?</p> <p>20 A. I would say that we're not quite done yet in</p> <p>21 that we're not in a reliable steady state. We did go</p> <p>22 live in five months.</p>
<p>118</p> <p>1 Q. Okay.</p> <p>2 A. -- of the analysts that work on -- on -- on,</p> <p>3 essentially, the team that supports our Lawson</p> <p>4 application at this point in time.</p> <p>5 This training, here, that Dan is referring to,</p> <p>6 is all of our -- would be our current RSS users that</p> <p>7 would have to go through some form of training.</p> <p>8 Q. I see.</p> <p>9 And, so, to confirm, this 180,000-dollar</p> <p>10 estimated costs would be in addition to the \$857,504</p> <p>11 that was estimated in your previous e-mail?</p> <p>12 A. Yes.</p> <p>13 Q. Okay. Could we turn back to Reasoner Exhibit</p> <p>14 No. 5, which was Exhibit B to your declaration.</p> <p>15 A. Okay.</p> <p>16 Q. And I want to just go over this estimate.</p> <p>17 A. Okay.</p> <p>18 Q. So, as we'd previously discussed, this</p> <p>19 document accurately reflects the estimated internal</p> <p>20 costs that Providence would incur to implement</p> <p>21 Requisition Center; is that correct?</p> <p>22 A. Yes.</p>	<p>120</p> <p>1 Q. So, would you consider the duration to be more</p> <p>2 than five months?</p> <p>3 A. Yes.</p> <p>4 Q. Do you have any estimate on what the total</p> <p>5 duration will be?</p> <p>6 A. Well, let me -- let me be clear on a couple</p> <p>7 things. So, the estimate, here, is estimating five</p> <p>8 months with a number of different people that are</p> <p>9 involved. We were still working on outstanding issues</p> <p>10 that don't involve as many people. So, I just want to</p> <p>11 be clear that we did go live within five months, and</p> <p>12 we're still working through some issues that take up</p> <p>13 fewer people's time but still some of these people's</p> <p>14 time. So, the lead analyst is still working on issues,</p> <p>15 the application director is still overseeing that effort</p> <p>16 and having conversations with Lawson, as is the</p> <p>17 technical director and the application administrator.</p> <p>18 Q. So, would this additional work that's being</p> <p>19 done after the go-live date --</p> <p>20 A. Right.</p> <p>21 Q. -- reflect additional costs that would go</p> <p>22 above the \$201,000 that's reflected on this estimate?</p>

<p>121</p> <p>1 A. Yes.</p> <p>2 Q. Okay. And you'll see, here, under the header</p> <p>3 Role, it appears that it's many of the same line items</p> <p>4 that were listed in your estimate for the replacement</p> <p>5 application implementation, correct?</p> <p>6 A. Correct.</p> <p>7 Q. Were the same assumptions made with respect to</p> <p>8 these roles for this implementation?</p> <p>9 A. I'm sorry, say the question again. Same</p> <p>10 roles? Yes --</p> <p>11 Q. Same assumption made for these roles as for</p> <p>12 the replacement application implementation?</p> <p>13 A. Not -- Not the exact assumptions.</p> <p>14 Q. And what was different about these</p> <p>15 assumptions?</p> <p>16 A. These assumptions are -- We knew a lot more</p> <p>17 about the application and that it was a Lawson</p> <p>18 application, so that changes some of the assumptions,</p> <p>19 obviously.</p> <p>20 Q. Would you say that that makes the assumptions</p> <p>21 more accurate than was reflected in Exhibit A of your</p> <p>22 declaration?</p>	<p>123</p> <p>1 A. Correct.</p> <p>2 Q. And, as I understand it, even prior to the</p> <p>3 go-live date, Providence personnel have spent more time</p> <p>4 on the implementation than is reflected on this</p> <p>5 estimate?</p> <p>6 A. Prior to the go-live date, I would say this</p> <p>7 estimate is probably close to what we've incurred.</p> <p>8 Q. I see. So, prior to the go-live date, this</p> <p>9 estimate is accurate. The only thing that would be</p> <p>10 added to it is the work that has occurred after the</p> <p>11 go-live date?</p> <p>12 A. The post-go-live issue resolution work, yes.</p> <p>13 Q. Okay.</p> <p>14 So, just to confirm that there's a figure at</p> <p>15 the bottom of \$201,070. You see that?</p> <p>16 A. Correct.</p> <p>17 Q. And this is the total cost that was estimated</p> <p>18 by Providence replacing Requisition Self-Service</p> <p>19 application with the Requisition Center application,</p> <p>20 correct?</p> <p>21 A. That's correct.</p> <p>22 Q. Okay. Has Providence been required to pay any</p>
<p>122</p> <p>1 A. Yes.</p> <p>2 Q. Has Providence done any estimate of the actual</p> <p>3 cost of implementing RQC since the go-live date?</p> <p>4 A. No.</p> <p>5 Q. So, no revision has been made to this estimate</p> <p>6 since this was done?</p> <p>7 A. No.</p> <p>8 Q. Putting aside the additional costs that we</p> <p>9 discussed regarding work that's been performed after the</p> <p>10 go-live date, would you say that this estimate</p> <p>11 accurately reflects the actual costs that were incurred</p> <p>12 by Providence during the implementation?</p> <p>13 A. No, because we've spent more time.</p> <p>14 Q. So, even prior to the go-live date, you think</p> <p>15 that this estimate actually underestimates the actual</p> <p>16 cost to Providence of the implementation?</p> <p>17 A. Say that again.</p> <p>18 Q. I'm sorry. That was poorly worded.</p> <p>19 So, let me go back here and look and see.</p> <p>20 You estimate the amount of time that was</p> <p>21 required by Providence personnel for the RQC</p> <p>22 implementation on this estimate, correct?</p>	<p>124</p> <p>1 license service or other fees for the implementation and</p> <p>2 the use of the Requisition Center application?</p> <p>3 A. No.</p> <p>4 Q. We discussed before that there were certain</p> <p>5 milestones in Providence's net revenue that would result</p> <p>6 in an additional license payment being made to Lawson,</p> <p>7 correct?</p> <p>8 A. Correct.</p> <p>9 Q. Okay. Has that rate -- excuse me. Let me</p> <p>10 back up.</p> <p>11 The amount that Providence has required --</p> <p>12 Still not stating this very well.</p> <p>13 Do you know what the rate is that Providence</p> <p>14 is required to pay based on its net revenue?</p> <p>15 A. I don't know the number right at this moment.</p> <p>16 I know of the number in how it's calculated.</p> <p>17 Q. Okay. Has that number that reflects the</p> <p>18 amount that Providence has to pay based on its net</p> <p>19 revenue for its license from Lawson changed since the</p> <p>20 implementation of Requisition Center?</p> <p>21 MR. GOLDMARK: I'm going to object just to the</p> <p>22 same line of questioning that I did earlier, that it's</p>

<p>125</p> <p>1 beyond the scope of the noted deposition topics, beyond</p> <p>2 the scope of what the deponent is speaking on behalf of</p> <p>3 Providence for, under Rule 30(b)(6).</p> <p>4 THE WITNESS: Can you just restate? I'm</p> <p>5 trying to understand -- I'm trying to understand what</p> <p>6 you're -- what you're looking for. And what is the</p> <p>7 question? The --</p> <p>8 Q. (BY MR. CLEMENTS:) Okay. So, let's assume</p> <p>9 that -- that -- just for the sake of assumption, that</p> <p>10 Providence made a hundred million dollars in revenue</p> <p>11 this year.</p> <p>12 A. Okay.</p> <p>13 Q. I have no idea what -- if that's accurate, and</p> <p>14 maybe it's way low. I don't mean to insult Providence.</p> <p>15 But assuming that were the case, is there some</p> <p>16 percentage of that number that would be required to be</p> <p>17 paid to Lawson for the license fee?</p> <p>18 A. No. So, try and help you, here. The terms of</p> <p>19 our arrangement with Lawson in terms of licensing fees</p> <p>20 is a one-time payment, you buy the software and you are</p> <p>21 entitled to its use and enjoyment as long as your</p> <p>22 maintenance fees are paid annually, okay. And,</p>	<p>127</p> <p>1 license arrangement. Instead of saying it's per user --</p> <p>2 So, if we -- if a new hospital joined us, then I have 50</p> <p>3 new users and I got to go license them, we don't do</p> <p>4 that. We say a new organization has joined us and the</p> <p>5 impact of that organization, if it exceeds this target,</p> <p>6 I owe you additional licensing fee, and we don't specify</p> <p>7 anything about that in terms of specifically what is</p> <p>8 used. A new organization may join us and they may only</p> <p>9 use the GL, as an example. It applies to all of the</p> <p>10 Lawson application. So, in some cases, people win; some</p> <p>11 cases, people lose.</p> <p>12 Q. Okay. So, for the terms of this additional</p> <p>13 license fee that is based on the growth rate --</p> <p>14 A. Yes.</p> <p>15 Q. -- have those terms changed since Providence</p> <p>16 implemented Requisition Center?</p> <p>17 A. Those terms have never changed since we signed</p> <p>18 the contract in 1999.</p> <p>19 Q. So, the same amount would be owed based on the</p> <p>20 original terms now that Requisition Center has been</p> <p>21 implemented as would have been owed if you still</p> <p>22 employed the Requisition Self-Service application?</p>
<p>126</p> <p>1 generally, for all applications, that is an unlimited</p> <p>2 use, so I can have as many users as I like. There are a</p> <p>3 couple of minor exceptions that apply to things that are</p> <p>4 non-procurement.</p> <p>5 If, in the course of Providence's ongoing</p> <p>6 growth -- and we are an eight-billion-dollar-a-year</p> <p>7 company, continuing to grow -- so, if we purchased or if</p> <p>8 a new organization said we would like to join</p> <p>9 Providence, that impact on our financial statement</p> <p>10 changes our net revenue number, okay. In the contract</p> <p>11 with Lawson, there is a target number, back in 1999,</p> <p>12 when we signed the agreement, that changes. It is -- It</p> <p>13 has a growth factor that's a part of it. That growth</p> <p>14 factor grows, and if our -- Providence's growth exceeds</p> <p>15 that target, then we owe an additional licensing fee.</p> <p>16 So, your question of has that target changed</p> <p>17 since we implemented RQC? Yes, it changes every single</p> <p>18 month because there's a growth component to that target</p> <p>19 level, if you will. Does that make sense?</p> <p>20 Q. Yeah, that makes sense.</p> <p>21 A. So, it's -- it's just an -- It's a way for us</p> <p>22 to simplify -- and that's simplify is my term -- our</p>	<p>128</p> <p>1 A. Can you restate that?</p> <p>2 Q. So, assuming that -- assuming that Providence</p> <p>3 actually reached that milestone of growth that required</p> <p>4 them to pay some additional amount on their license fee,</p> <p>5 the amount owed has not changed since switching over to</p> <p>6 the Requisition Center application?</p> <p>7 A. That is correct. There -- There is no impact</p> <p>8 to that agreement because of Requisition Center.</p> <p>9 Q. I see. Okay. Great. Thanks. Sorry --</p> <p>10 A. That's all right.</p> <p>11 Q. -- to make that so difficult.</p> <p>12 And I think we may have covered this</p> <p>13 already -- if so, I apologize -- but does Providence</p> <p>14 continue to pay the same total maintenance fees every</p> <p>15 year, now, that it paid prior to the replacement of</p> <p>16 Requisition Self-Service with Requisition Center?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. So, would it be accurate to state that</p> <p>19 the portion of the maintenance fee that was previously</p> <p>20 allocated to Requisition Self-Service is now allocated</p> <p>21 to Requisition Center instead?</p> <p>22 A. Yes.</p>

<p>129</p> <p>1 Q. And would the same be true for the license</p> <p>2 fee?</p> <p>3 A. There was no license fee paid for Requisition</p> <p>4 Center, so --</p> <p>5 Q. But if there was, would --</p> <p>6 A. I -- I don't -- I don't know.</p> <p>7 Q. Okay.</p> <p>8 A. I can't answer that question.</p> <p>9 Q. Okay.</p> <p>10 All right. Could we go back to paragraph</p> <p>11 eight of your declaration, which is Reasoner Exhibit 3.</p> <p>12 In here, it states, "Exhibit B also does not take into</p> <p>13 consideration the opportunity costs" --</p> <p>14 A. I'm sorry, hold on, one moment.</p> <p>15 Q. I'm sorry.</p> <p>16 A. I'm trying to catch up here, trying to keep</p> <p>17 things somewhat organized.</p> <p>18 Q. Okay.</p> <p>19 A. So, we're on -- on which one?</p> <p>20 Q. Paragraph eight.</p> <p>21 A. Of which exhibit?</p> <p>22 Q. Of Reasoner Exhibit 3 --</p>	<p>131</p> <p>1 Q. And, so, as we discussed before, with regard</p> <p>2 to the RSS replacement application, the opportunity</p> <p>3 costs to Providence would be in addition to the \$201,000</p> <p>4 that's listed as the estimate for the RQC</p> <p>5 implementation --</p> <p>6 A. That is correct.</p> <p>7 Q. -- in your declaration?</p> <p>8 Okay. Mr. Reasoner, do you know whether</p> <p>9 Lawson is obligated to indemnify Providence for expenses</p> <p>10 incurred in replacing Lawson software in the event that</p> <p>11 the software is found to infringe a third-party's</p> <p>12 patents?</p> <p>13 MR. GOLDMARK: Objection. Beyond the scope of</p> <p>14 the listed deposition topics.</p> <p>15 THE WITNESS: I don't know.</p> <p>16 Q. (BY MR. CLEMENTS:) Okay. So, you're not aware</p> <p>17 of any indemnification provision?</p> <p>18 A. I did not prepare for any such question, so I</p> <p>19 don't know.</p> <p>20 Q. Okay. But, to your knowledge, you're not</p> <p>21 aware?</p> <p>22 A. I don't know.</p>
<p>130</p> <p>1 A. Okay. There it is.</p> <p>2 Q. -- which is your declaration.</p> <p>3 A. Okay. Sorry. Just -- Somewhat neurotic about</p> <p>4 trying to keep on top.</p> <p>5 Okay.</p> <p>6 Q. Okay. So, looking at paragraph eight, it</p> <p>7 states, "Exhibit B also does not take into consideration</p> <p>8 the opportunity costs of the employees listed in the</p> <p>9 document to take on other work," correct?</p> <p>10 A. And what line is this, again? I'm sorry.</p> <p>11 Q. This is paragraph eight.</p> <p>12 A. Eight.</p> <p>13 Q. Exhibit B also does not take into</p> <p>14 consideration the opportunity costs of the employees</p> <p>15 listed in the document to take on other work. You see</p> <p>16 that?</p> <p>17 A. That is correct, yes.</p> <p>18 Q. Okay. So, would the opportunity costs to</p> <p>19 Providence of its employees being redirected from other</p> <p>20 projects be the same as it was in reference to the RSS</p> <p>21 replacement application?</p> <p>22 A. Yes, it would.</p>	<p>132</p> <p>1 Q. Were there any discussions at Providence</p> <p>2 regarding the possibility that Lawson could be required</p> <p>3 to indemnify Providence if it should have to replace</p> <p>4 Requisition Self-Service application with software from</p> <p>5 a third-party vendor?</p> <p>6 MR. GOLDMARK: Same objection. Beyond the</p> <p>7 scope of the noted deposition topics.</p> <p>8 THE WITNESS: Again, I don't know of any.</p> <p>9 Q. (BY MR. CLEMENTS:) To your knowledge, was the</p> <p>10 question of indemnification ever raised with Lawson?</p> <p>11 A. I don't know. Not by me.</p> <p>12 Q. Not by you, okay.</p> <p>13 All right. I think I'm just about finished.</p> <p>14 Can we just take a five-minute break and let me review</p> <p>15 my notes and see if I have anything else?</p> <p>16 A. Sure.</p> <p>17 MR. GOLDMARK: Sounds good.</p> <p>18 MR. CLEMENTS: Okay. Thanks.</p> <p>19 THE VIDEOGRAPHER: One moment. As we go off</p> <p>20 the record, the time is 12:06 p.m.</p> <p>21 (Off the record at 12:06 p.m.)</p> <p>22 (Deposition Exhibit 8 was marked for</p>

<p>133</p> <p>1 identification.)</p> <p>2 (Back on the record at 12:16 p.m.)</p> <p>3 THE VIDEOGRAPHER: Okay. We are back on</p> <p>4 record. The time is 12:17 p.m. This is the beginning</p> <p>5 of media unit number three.</p> <p>6 Please proceed.</p> <p>7 Q. (BY MR. CLEMENTS:) Okay. Mr. Reasoner, the</p> <p>8 court reporter has handed you what has been marked as</p> <p>9 Reasoner Exhibit No. 8. Let me know when you've had a</p> <p>10 chance to review it.</p> <p>11 And, for the record, this is titled</p> <p>12 Declaration of Kurt Reasoner. It doesn't have a Bates</p> <p>13 number. It's dated February 14th, 2011.</p> <p>14 MR. GOLDMARK: Mr. Clement, do you intend to</p> <p>15 ask subsequent questions about this declaration? I'm</p> <p>16 looking at the noted deposition topics and I don't see</p> <p>17 how this comes anywhere near the color of scope of any</p> <p>18 of the noted deposition topics, let alone the ones we</p> <p>19 agreed upon.</p> <p>20 MR. CLEMENTS: I think it does concern the RQC</p> <p>21 implementation because there are some factors in here</p> <p>22 that are discussed about what the expected costs would</p>	<p>135</p> <p>1 A. I have.</p> <p>2 Q. Okay. And are you familiar with this</p> <p>3 document?</p> <p>4 A. I can't say that I'm familiar with this</p> <p>5 document. I recognize it.</p> <p>6 Q. Okay. You see it's signed and dated</p> <p>7 February 14th, 2011?</p> <p>8 A. Yes.</p> <p>9 Q. And that's your signature?</p> <p>10 A. That is my signature.</p> <p>11 Q. And is this a document that you signed in</p> <p>12 support of Lawson in its litigation with ePlus?</p> <p>13 A. Yes, it is.</p> <p>14 Q. Do you know what the purpose of this</p> <p>15 declaration was?</p> <p>16 A. That being almost a year ago, I don't.</p> <p>17 Q. Okay.</p> <p>18 A. I -- I would have to sit here and read it to</p> <p>19 tell you that.</p> <p>20 Q. Do you believe this declaration was prepared</p> <p>21 for the purpose of describing the effect that an</p> <p>22 injunction against the use of Requisition Self-Service</p>
<p>134</p> <p>1 be and -- and problems that would be incurred in</p> <p>2 replacing the RSS software, so I think that would be</p> <p>3 covered by that.</p> <p>4 MR. GOLDMARK: So, we have here noted</p> <p>5 deposition topic, the time frame says implementation of</p> <p>6 RQC since May 23rd, 2011.</p> <p>7 MR. CLEMENTS: Can we just let your</p> <p>8 objection -- I mean, we've got your objection on the</p> <p>9 record. Just for the sake of time, can we just go ahead</p> <p>10 and ask questions?</p> <p>11 MR. GOLDMARK: Yes, we can.</p> <p>12 The only further objection I would note is</p> <p>13 that because this was not within the time frame noted in</p> <p>14 the deposition topics, the deponent has not, to my</p> <p>15 understanding, reviewed this declaration recently. The</p> <p>16 deponent is not prepared to speak on behalf of</p> <p>17 Providence with respect to any of the substance of this</p> <p>18 declaration.</p> <p>19 MR. CLEMENTS: Okay. With those objections,</p> <p>20 we'll proceed.</p> <p>21 Q. (BY MR. CLEMENTS:) Have you had a chance to</p> <p>22 look at it, Mr. Reasoner?</p>	<p>136</p> <p>1 would have on Providence's operations?</p> <p>2 A. I do recognize that, yes.</p> <p>3 Q. Okay. And are the statements made in this</p> <p>4 declaration true and accurate to the best of your</p> <p>5 knowledge?</p> <p>6 A. Yes.</p> <p>7 Q. All right. If you could, turn to paragraph 15</p> <p>8 of the declaration. And if you actually look at the --</p> <p>9 starting with the second sentence.</p> <p>10 A. Okay.</p> <p>11 Q. Are you there?</p> <p>12 A. Yes.</p> <p>13 Q. It says, "Additionally, being required to</p> <p>14 adopt a replacement for RSS would adversely impact our</p> <p>15 ability to place orders in a timely manner, our ability</p> <p>16 to maintain inventory of items critical to patient care,</p> <p>17 and the accuracy of our orders for supplies (e.g.,</p> <p>18 ordering the wrong product or paying the wrong price).</p> <p>19 Replacing Lawson RSS software would cause an increase in</p> <p>20 our operational expenses, both in terms of personnel</p> <p>21 hours dedicated to ordering a procurement, as well as</p> <p>22 prices paid and order accuracy." You see that?</p>

<p>137</p> <p>1 A. Yes, I do.</p> <p>2 Q. These statements accurately reflect what you</p> <p>3 believe would be the effect on Providence's operations</p> <p>4 of an injunction against Requisition Self-Service?</p> <p>5 A. Yes.</p> <p>6 Q. And since replacing Requisition</p> <p>7 Self-Service -- Let me start over.</p> <p>8 Since replacing Requisitions Self-Service with</p> <p>9 Requisition Center, has Providence suffered any adverse</p> <p>10 impact on its ability to place orders in a timely</p> <p>11 manner?</p> <p>12 A. Yes, because we have some outstanding issues</p> <p>13 so we have had problems.</p> <p>14 Q. All right. Do these relate to the bug issues</p> <p>15 that you explained earlier?</p> <p>16 A. Explained earlier, yes.</p> <p>17 Q. And since replacing Requisition Self-Service</p> <p>18 with Requisition Center, has Providence suffered any</p> <p>19 adverse impact on its ability to maintain inventory of</p> <p>20 items critical to patient care?</p> <p>21 A. I'm sorry, say that again.</p> <p>22 Q. Since replacing Requisition Self-Service with</p>	<p>139</p> <p>1 A. Yes.</p> <p>2 MR. GOLDMARK: Objection. Calls for</p> <p>3 speculation.</p> <p>4 Q. (BY MR. CLEMENTS:) Can you estimate how much</p> <p>5 additional personnel hours have been dedicated to</p> <p>6 ordering and procurement because of this switch?</p> <p>7 A. No.</p> <p>8 Q. Since replacing Requisition Self-Service with</p> <p>9 Requisition Center, has Providence suffered an increase</p> <p>10 in its operational expenses in terms of prices paid in</p> <p>11 order accuracy?</p> <p>12 MR. GOLDMARK: Objection. Calls for</p> <p>13 speculation.</p> <p>14 THE WITNESS: Again, I don't know.</p> <p>15 Q. (BY MR. CLEMENTS:) Okay.</p> <p>16 Court reporter, could you please mark this</p> <p>17 document as Reasoner Exhibit No. 9.</p> <p>18 (Deposition Exhibit 9 was marked for</p> <p>19 identification.)</p> <p>20 Q. (BY MR. CLEMENTS:) For the record, this is</p> <p>21 document -- this document is an e-mail from Kurt</p> <p>22 Reasoner to Joe Thornton, dated May 27, 2011, bearing</p>
<p>138</p> <p>1 Requisition Center, has Providence suffered any adverse</p> <p>2 impact on its ability to maintain the inventory of items</p> <p>3 critical to patient care?</p> <p>4 A. I don't know the answer to that question.</p> <p>5 Q. Are you aware of any adverse impact on</p> <p>6 maintaining inventory of items critical to patient care?</p> <p>7 A. I have not been made aware of any</p> <p>8 specifically.</p> <p>9 Q. Okay. Since replacing Requisition</p> <p>10 Self-Service with Requisition Center, has Providence</p> <p>11 suffered an adverse impact on the accuracy of its orders</p> <p>12 for supplies?</p> <p>13 MR. GOLDMARK: Objection. Calls for</p> <p>14 speculation.</p> <p>15 THE WITNESS: Again, I don't know. I don't</p> <p>16 know specifically.</p> <p>17 Q. (BY MR. CLEMENTS:) You're not aware of any?</p> <p>18 A. No one has said anything to me specifically.</p> <p>19 Q. Since replacing Requisition Self-Service with</p> <p>20 Requisition Center, has Providence suffered an increase</p> <p>21 in its operational expenses in terms of personnel hours</p> <p>22 dedicated to ordering and procurement?</p>	<p>140</p> <p>1 Bates number PROV043 through PROV045. Can you let me</p> <p>2 know when you've had a chance to review it?</p> <p>3 A. Yes.</p> <p>4 Q. Okay. And do you recognize this document?</p> <p>5 A. I do.</p> <p>6 Q. Does this appear to be an e-mail sent from you</p> <p>7 to Joe Thornton on May 27th, 2011?</p> <p>8 A. Yes, it is.</p> <p>9 Q. Did you author this e-mail?</p> <p>10 A. Yes, I did.</p> <p>11 Q. And does this e-mail appear to include an</p> <p>12 attachment entitled Catholic Health Initiatives and</p> <p>13 Providence Health, Customer Review.doc?</p> <p>14 A. Yes. Can I just -- There's a separate</p> <p>15 document in here that --</p> <p>16 Q. That is just -- That was something that was</p> <p>17 printed out by the services department in our firm, so</p> <p>18 you can disregard it. It's not part of the document.</p> <p>19 A. Okay.</p> <p>20 Q. I apologize if that's in there.</p> <p>21 A. No problem.</p> <p>22 Q. Okay. So, could you please turn to -- to the</p>

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<p>141</p> <p>1 document -- second page, the Bates number PROV044.</p> <p>2 A. Yes.</p> <p>3 Q. And does this appear to be the attachment</p> <p>4 referenced in the header of your e-mail?</p> <p>5 A. Yes, it is.</p> <p>6 Q. And at the top of the document is the header</p> <p>7 Requisition Center Customer Stories, correct?</p> <p>8 A. Correct.</p> <p>9 Q. Can you tell me what the purpose of this</p> <p>10 attachment was?</p> <p>11 A. The purpose of this attachment was Lawson had</p> <p>12 asked for my thoughts on Requisition Center so that they</p> <p>13 could use it internally within their organization and</p> <p>14 potentially with some customers as they contemplate</p> <p>15 moving off of RSS.</p> <p>16 Q. And, so, were you asked by Lawson to approve</p> <p>17 the statements that were made about Providence in this</p> <p>18 document?</p> <p>19 A. I was asked to review this document.</p> <p>20 Q. Does this document reflect your review and</p> <p>21 edits --</p> <p>22 A. Yes.</p>	<p>143</p> <p>1 A. Yes. Yes.</p> <p>2 Q. Okay. And then, going on, it says, "From what</p> <p>3 I've seen so far, I can see that there will be some</p> <p>4 enhancements to the product." You see that?</p> <p>5 A. Yes.</p> <p>6 Q. And the product being referred to, here, is</p> <p>7 Requisition Center, correct?</p> <p>8 A. Correct.</p> <p>9 Q. And as of May 27th, 2011, what had you seen of</p> <p>10 the Requisition Center application that evidenced</p> <p>11 enhancements to the software?</p> <p>12 A. I don't remember specifically. There were</p> <p>13 certain pieces of functionality that we would -- we</p> <p>14 wanted to see improved upon, and Lawson, in developing</p> <p>15 Requisition Center, incorporated some of those</p> <p>16 enhancements, and I don't recall, specifically, what</p> <p>17 those enhancements were, but they were shared at the</p> <p>18 time of this meeting.</p> <p>19 Q. Okay. All right. You can put that document</p> <p>20 aside.</p> <p>21 Just have a few more questions, here.</p> <p>22 A. Okay.</p>
<p>142</p> <p>1 Q. -- of your statements? Okay.</p> <p>2 I'd like you to go down to the -- look at the</p> <p>3 fourth paragraph. It states, "Lawson demonstrated a</p> <p>4 real intent and commitment to make sure that our</p> <p>5 investment in the Lawson Supply Chain suite stays</p> <p>6 intact." Do you see that?</p> <p>7 A. I do.</p> <p>8 Q. Was this statement made with regard to the</p> <p>9 Requisition Center application?</p> <p>10 A. Yes.</p> <p>11 Q. Is that an accurate statement?</p> <p>12 A. Yes, it is.</p> <p>13 Q. And as of May 27th, 2011, what had Lawson done</p> <p>14 that demonstrated to you their intent and commitment to</p> <p>15 make sure Providence's investment in the Lawson Supply</p> <p>16 Chain suite stays intact?</p> <p>17 A. They had revealed to me the plan to make</p> <p>18 available to us Requisition Center as the court finding</p> <p>19 had -- as the court ruling was that we, as a customer,</p> <p>20 have to be off of RSS.</p> <p>21 Q. And is -- is this in reference to the May 25th</p> <p>22 or May 26th meeting with Lawson that you mentioned?</p>	<p>144</p> <p>1 Q. So, you talked about some of the difficulties</p> <p>2 that Providence has had with regard to implementing</p> <p>3 Requisition Center, correct?</p> <p>4 A. Yes.</p> <p>5 Q. And aside from the sort of bugs in the code</p> <p>6 that you discussed, are there any other difficulties</p> <p>7 that Providence has run into with implementing</p> <p>8 Requisition Center?</p> <p>9 A. None that I can think of right now.</p> <p>10 Q. Have any Providence employees expressed any</p> <p>11 difficulty in learning to use the Requisition Center</p> <p>12 application?</p> <p>13 A. No.</p> <p>14 Q. Has Providence provided any training to its</p> <p>15 employees on how to use Requisition Center?</p> <p>16 A. Yes, we have.</p> <p>17 Q. And how is that training provided?</p> <p>18 A. A number of different ways, and it depends on</p> <p>19 the location in -- so, it -- Yes, we have and it -- it's</p> <p>20 different methods by location.</p> <p>21 Q. This was training that was provided by</p> <p>22 Providence personnel itself?</p>

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<p>145</p> <p>1 A. Yes.</p> <p>2 Q. Okay. Has Providence received any negative</p> <p>3 feedback from any of its employees regarding Requisition</p> <p>4 Center?</p> <p>5 A. I don't know.</p> <p>6 Q. But you're not aware of any negative feedback</p> <p>7 from any employees?</p> <p>8 A. I'm not aware of any negative feedback.</p> <p>9 Q. Do you believe Providence's transition from</p> <p>10 Requisition Self-Service to Requisition Center has</p> <p>11 resulted in any degradation in performance of its</p> <p>12 procurement software?</p> <p>13 A. Currently, yes, it has.</p> <p>14 Q. Is that because of the bug problems with the</p> <p>15 code?</p> <p>16 A. Yes.</p> <p>17 Q. And putting aside the bug problems and</p> <p>18 assuming they were fixed, do you believe that there</p> <p>19 would be any resulting degradation in the performance of</p> <p>20 Providence's procurement software?</p> <p>21 A. No.</p> <p>22 Q. None?</p>	<p>147</p> <p>1 THE WITNESS: Okay.</p> <p>2 THE VIDEOGRAPHER: There being nothing</p> <p>3 further, then, at this time, we'll go off the record.</p> <p>4 This is the end media unit number three. The</p> <p>5 time is 12:30.,</p> <p>6 Thank you.</p> <p>7 (Signature having not been waived, the</p> <p>8 videotaped deposition of KURT REASONER was concluded</p> <p>9 at 12:30 p.m.)</p>
<p>146</p> <p>1 A. I don't think so.</p> <p>2 Q. Okay.</p> <p>3 That's all the questions I have.</p> <p>4 MR. GOLDMARK: I don't have any questions.</p> <p>5 MS. SIMMONS: No questions.</p> <p>6 THE REPORTER: Copy orders? Before we go off.</p> <p>7 MR. GOLDMARK: Yes. And we'd like to reserve</p> <p>8 signature.</p> <p>9 And, for the record, I know that,</p> <p>10 Mr. Clements, a number of these documents we looked at</p> <p>11 were confidential, subject to a protective order, so I</p> <p>12 think some of the substance of his testimony we'd --</p> <p>13 we'd like to review to see if we can designate it as</p> <p>14 confidential.</p> <p>15 MR. CLEMENTS: Okay. That's fair.</p> <p>16 THE WITNESS: Okay.</p> <p>17 MR. CLEMENTS: All right.</p> <p>18 MS. SIMMONS: We'll order a copy.</p> <p>19 MR. CLEMENTS: Mr. Reasoner, thanks very much</p> <p>20 for your time.</p> <p>21 THE WITNESS: Thank you.</p> <p>22 MR. CLEMENTS: Appreciate it.</p>	<p>148</p> <p>1 ACKNOWLEDGMENT OF DEPONENT</p> <p>2 I, KURT REASONER, do hereby acknowledge that I</p> <p>3 have read and examined the foregoing testimony, and</p> <p>4 the same is a true, correct and complete transcription</p> <p>5 of the testimony given by me and any corrections</p> <p>6 appear on the attached Errata sheet signed by me.</p> <p>7</p> <p>8</p> <p>9 _____</p> <p>10 (DATE) (SIGNATURE)</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>

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<div style="text-align: right;">149</div> <p>1 REPORTER'S CERTIFICATE</p> <p>2 I, JULIE R. HEAD, the undersigned Certified Court</p> <p>3 Reporter, pursuant to RCW 5.28.010, authorized to</p> <p>4 administer oaths and affirmations in and for the State</p> <p>5 of Washington, do hereby certify:</p> <p>6 That the sworn testimony and/or proceedings, a</p> <p>7 transcript of which is attached, that the witness by me</p> <p>8 was duly sworn to testify to the truth; that the sworn</p> <p>9 testimony and/or proceedings were by me stenographically</p> <p>10 recorded and transcribed under my supervision, to the best</p> <p>11 of my ability; that the foregoing transcript contains a full,</p> <p>12 true, and accurate record of all the sworn testimony and/or</p> <p>13 proceedings given and occurring at the time and place stated</p> <p>14 in the transcript; that I am in no way related to any party</p> <p>15 to the matter, nor to any counsel, nor do I have any</p> <p>16 financial interest in the event of the cause.</p> <p>17 WITNESS MY HAND AND DIGITAL SIGNATURE THIS 11th day</p> <p>18 of January, 2012.</p> <p>19 _____</p> <p>20 _____</p> <p>21 JULIE R. HEAD, CRR, RPR</p> <p>22 Washington State Certified Court Reporter No. 3119</p>	<div style="text-align: right;">151</div> <p>1 ERRATA SHEET CONTINUED</p> <p>2 IN RE: ePlus, Inc. -v- Lawson Software, Inc.</p> <p>3 RETURN BY: _____</p> <p>4 PAGE LINE CORRECTION AND REASON</p> <p>5 _____</p> <p>6 _____</p> <p>7 _____</p> <p>8 _____</p> <p>9 _____</p> <p>10 _____</p> <p>11 _____</p> <p>12 _____</p> <p>13 _____</p> <p>14 _____</p> <p>15 _____</p> <p>16 _____</p> <p>17 _____</p> <p>18 _____</p> <p>19 _____</p> <p>20 _____</p> <p>21 _____</p> <p>22 (DATE) (SIGNATURE)</p>
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